The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

July 22, 1939

U.S. Far East Diplomacy

AN EDITORIAL

Yunnan Colonization Plan

BY JOHN AHLERS

Hints on the Tokyo Parleys

Sinkiang—China's Highway

BY ANNA L. WANG & DORIS RUBENS

Bombing of Manchuria Towns

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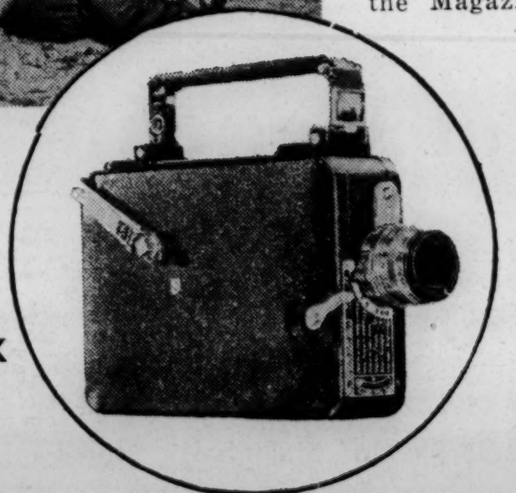

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What People Are Saying

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TERMS FOR PEACE

To the Editor:

Wang Ching-wei, former Kuomintang leader and proponent of "long-term resistance", but now a proselyte of Japonism, would have us believe that a mere statement by Prince Konoye is sufficient basis for negotiation between the two countries. He would ignore all the facts and consequences of invasion both before and after July, 1937. He agrees completely with the policy as enunciated by the good Prince on November 21, 1938, which laid down, inter alia, the following conditions:

1. The inauguration of full diplomatic relations between "Manchukuo" and China.
2. The conclusion of an anti-Comintern Pact between China and Japan.
3. Economic cooperation between China and Japan on a footing of equality.

Wang Ching-wei conveniently brushes aside the first condition, which presumably he is ready to concede without further negotiation. The surrender of four provinces larger than France and Germany combined, with a Chinese population of over 35,000,000, apparently does not give him any worry. His is a bigger task; so why bother about such trifles!

Wang strongly supports Prince Konoye's proposal to conclude an anti-Comintern Pact between China and Japan "in the spirit of the Japanese-German-Italian anti-Comintern Pact," but omits the all-important point that whilst the most insatiable Japanese expansionists never dream of sending troops to Germany or Italy to enforce the Pact, the Japanese Government, as represented by Prince Konoye and his successor, not to say the Japanese armies, have all the while insisted that Japanese troops must be stationed at certain specified points in China, "as long as the pact is in force". Is Wang naive enough to believe that Japanese troops, once allowed to stay in the country, would voluntarily withdraw, or that they would not be increased at will, as they were in Manchuria, if it suited their purpose to do so? If the past is any guide to the future, it is reasonable to conclude that such a Pact, once entered into, will give Japan complete military control over the five northern provinces, if not more, and the Pact will last as long as the Japanese deem it desirable "in the interest of the new order in East Asia".

Independence is incomplete, if not meaningless, to a country, when foreign troops are stationed therein against its will. What shall it profit a country to have a few foreign Concessions and Settlements abolished, only to be burdened by another foreign yoke in the form of alien troops used to enforce the will of an aggressive neighbor?

We are essentially neither pro nor anti-Japanese. We wish to treat them like any other foreigners, provided that they behave like good neighbors and not haughty conquerors. We desire peace no less than they, but we will not buy peace at any price. And unless the Japanese will realize this fundamental truth, it is impossible to bring about real Sino-Japanese understanding, much less cooperation.

If Wang Ching-wei, instead of wasting his time in accusing General Chiang Kai-shek for leading China to destruction, will devote some of his energy to educating the Japanese to the necessity of treating China like an independent nation, he may make some valuable contribution towards dissipating the atmosphere of suspicion, fear, and hatred that is pervading the two countries, for it is no exaggeration to say that most of the animosity between the two countries arose from Japanese acts of aggression.

COSMOS

Shanghai, July 14, 1939

NIPPON ANGLOPHOBIA

To the Editor:

Anti-British mass meetings were held in various villages and districts of Tinghsien and Paotingfu (Hopei province) yesterday and today.. Villagers were compelled to attend under bayonet threat. Among the slogans used at the demonstrations were "Boycott British Goods!" "Confiscate British Concessions and Properties!" "Demand the Return of Hongkong!" "Welcome the Imperial Japanese Army!" "Asia for the Asiatics!"

Raping, murdering and robbing the villagers are the Imperial Japanese Army's daily routine in the occupied territories. What is happening in China today will happen to other countries tomorrow, if the Japanese are victorious.

Japanese aircraft may kill thousands of Chinese women and children, but they cannot destroy the will and spirit of China's resistance. The Chinese are fighting for justice and peace.

T.N.T.

Paotingfu, Hopei,
July 1, 1939

CHINESE IN THE UNION

To the Editor:

Your Chinese readers may be interested in knowing something of the conditions under which their 4,000 compatriots live in the Union of South Africa. While they are free politically, they are victims of severe social discrimination. Chinese are barred from public theaters, buses, railway trains, etc. Together with the natives, they are classified as colored people.

The Chinese Consul-General has made

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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representations to the Union Government regarding the serious effects on the Chinese population of the Asiatic Land and Trading Bill, while the Transvaal Chinese Association, representing all Chinese traders in the Transvaal province, has appealed to the Government not to enforce the provisions of the bill against Chinese, who are included therein in the definition of "Asiatics" or "colored people." The Government is urged to amend the Bill so that Chinese may be subject to exemptions already granted to other Asiatic peoples, including Japanese and Syrians.

CHINESE READER

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Third Term Issue and American Diplomacy in the Far East

WALTER Winchell, well known columnist and radio commentator, announced in the New York *Daily Mirror* on supposedly, good authority, that the Democratic presidential team in the national election next year will be Franklin D. Roosevelt and Paul V. McNutt, that Roosevelt had definitely made up his mind to run for a third term and that the former High Commissioner to the Philippines would be his running mate. It was claimed that McNutt's new job of Federal Security Administrator would provide more vote-getting power than possessed by anyone else in the Administration. It was further claimed that President Roosevelt considers McNutt stronger than Vice-President Garner, Postmaster-General Farley or Attorney-General Murphy, all of whom are regarded as potential presidential candidates with Garner out in the open as leader of the conservative, anti-New Deal faction in the Democratic Party. A further element favoring McNutt as running mate for Roosevelt, in the event the President does seek a third term, is McNutt's strength with the American Legion, an obviously important factor in the fight for votes.

The subject is of deep interest in the Far East because of its bearing on American policy. Of immediate concern is its bearing on two legislative measures now under consideration in Congress, which might, if enacted into law, vitally affect the outcome of the Sino-Japanese conflict. The two measures are the Neutrality Act and the Pittman bill which would empower the President to restrict shipments of guns and munitions and war materials to Japan and also increase tariff duties on Japanese merchandise shipped to the United States, the object of the measures being to enable the United States to retaliate against Japan for interference with Americans and their interests in China.

Political interest in the United States is now centered on the selection of favorites for presentation at the Presidential nominating conventions of the Democratic and Republican parties. The conventions of both parties will be held in June, less than a year from now, but the issue of a candidate to lead the Democrats has suddenly become acute due to the refusal of the President to commit himself on the question of a third term. The fact that the President has refused to commit himself has had a definite bearing on congressional opposition to the Administration's efforts to change the Neutrality Law, (See issue of *The Review* for July 12, Page 162). When the question of altering the present law to permit shipments of war materials to the so-called democratic powers has come up in Congress it has received the solid opposition of the Republican minority, which, combined with disgruntled Democrats, has been sufficient to block the effects of President Roosevelt and Secretary of State Cordell Hull to change the law. Both Republicans and anti-New Deal Democrats contend that the Administration's efforts to assist Britain and France are likely to precipitate a war rather than prevent one and that a war might create a situation which would assure President Roosevelt's election for a third term.

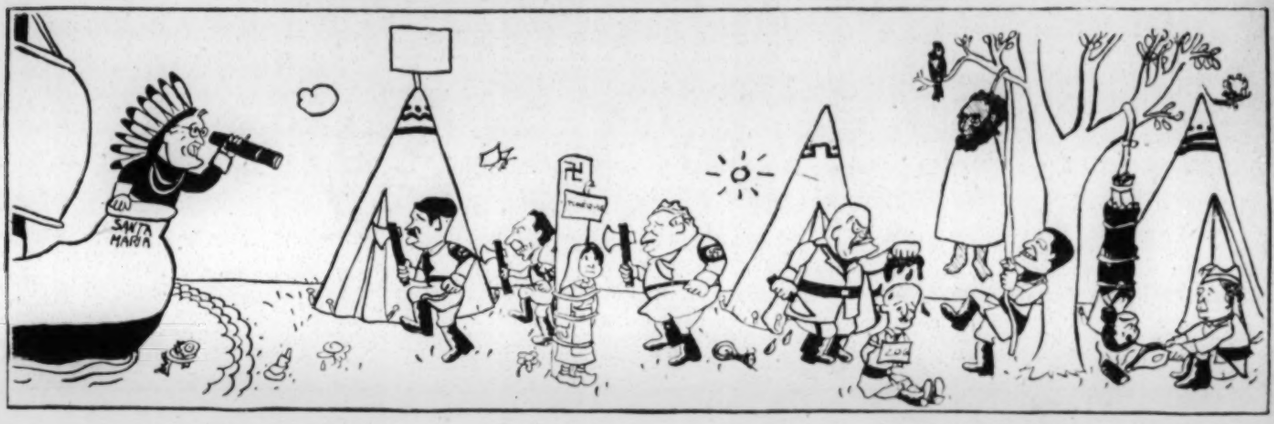
Hope Abandoned for Change in Neutrality

Following a three-hour conference with Republican and Democratic leaders late Tuesday night, statements were issued by the President and Senate leaders that efforts to change the present Neutrality Law would be abandoned for the present session of Congress. It was also indicated that no action would be taken on the Pittman proposal to place an embargo on shipments of war materials to Japan. The resolution introduced by Senator Vandenberg likewise will not be passed. All legislation pertaining to Neutrality will be postponed to the next session of Congress in January.

While there is no constitutional restriction against a president serving a third term, the refusal of George Washington, the first president, to accept a third term has created a traditional opposition which has had all the force of constitutional prohibition. Further ground for opposition to a third term is based on the feeling that a third term for President Roosevelt, under present conditions, within the United States and internationally, might lead to the creation of some form of fascist dictatorship in America, particularly in the event of a general war.

While the President's refusal to declare himself on the question of a third term has aroused strong opposition among his political opponents in both parties and this opposition has had an unfortunate bearing on the question of revising the Neutrality Law, the President doubtlessly has decided that this opposition is less serious than would follow a declaration of his intentions on the important subject. Should he announce his definite intention to run for a third term, it would immediately solidify his opponents a year in advance of the election. On the other hand, should the President announce his decision not to run for re-election next year, it would have the inevitable effect of causing him to lose complete control of Congress. As the situation stands today no Democratic candidate can hope

1492-1939—America Discovers the "Old World" Savages



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to reach the White House without Roosevelt's support, and since Roosevelt's personal popularity is still his party's greatest asset, the question of his decision whether or not to run for a third term has become a matter of major political importance.

According to latest reports from Washington on Monday and Tuesday of this week (*United Press*), the Senate isolationists, that is, opponents of proposals to change the Neutrality Law, claimed they had sufficient strength to prevent passage of any measure designed to alter the law which the President or Secretary of State might cause to be introduced. Since the present law, which automatically forces the President to declare an embargo on shipments of munitions to belligerents, would help the totalitarian states—Japan, Germany, Italy—both the President and Secretary of State fear that an attempt to change the law, after war had started, would create a serious political crisis in the United States, and also might have the effect of causing the country to become involved in the struggle. However, the situation may come to that in the event the President is unable to induce Congress to change the law in the present session. It was generally understood that Congress would adjourn about the middle of the present month, but according to latest reports from Washington, the President may keep Congress in session until action has been taken on the Neutrality measure. But regardless of what happens, Administration leaders admitted that a special session of Congress would be called in the event of an outbreak of a general European war.

Senator George Norris, independent Republican from Nebraska, who declared some time ago that the United States should oppose with all its strength Japan's violation of the Nine Power Treaty, declared that the United States was legally and morally entitled to enact legislation calculated to "interfere seriously with the ability of Hitler, Mussolini and Japan to carry on their cruel and inhuman warfare." He declared that the actions of Japan, Germany and Italy were "barbarous, indefensible and inhuman." He said they should be informed in advance that they would be unable to get any supplies from the United States while their enemies would be able to do so. Senator Norris predicted that Japan would join Germany and Italy in the event of a general war.

Chief opponents of altering the Neutrality Law are Senator Borah of Idaho, Senator Johnson of California and Senator Clark of Missouri. But there was an apparent break in the solid Republican opposition on Wednesday when Senator Arthur H. Vandenberg of Michigan introduced a resolution paving the way for abrogating the American-Japanese Trade Treaty of 1911. The resolution also favors the immediate calling of the Brussels Conference to determine whether Japan has violated the Nine-Power Treaty. Senator Vandenberg is the most-mentioned candidate for the Republican nomination. An abrogation of the Japanese-American Trade Treaty would become necessary in the event Congress passed the Pittman Bill designed to give President Roosevelt power to place an embargo on the sale of munitions and war materials to Japan. But strong opposition developed to this measure on two grounds: First, it might provoke war with Japan, and second, it might adversely affect the sale of American cotton to Japan. A *Havas* message stated that Japan was America's best customer for cotton, buying this year 846,000 bales valued at U. S. $42,569,000. Second-best buyer of cotton is Great Britain, but Britain's purchases are only about half Japan's. It was said that this state of affairs would not encourage the United States to take drastic action against Japan, particularly since cotton is predominantly a product of the solidly-Democratic southern states.

"Scrap-Iron" Friendship

Current History

Whether members of Congress are aware of the fact that one of Japan's major objectives in her present aggressive war in China is to convert this country into a vast cotton plantation and thus become independent of American cotton, was not stated.

Secretary of State Cordell Hull was requested on July 10 to give his opinion, in writing, on the legal aspects of an application of embargoes against Japan.

WOULD LEND CHINA MONEY

Warren Lee Pierson, president of the Export-Import Bank, a government institution, was quoted on July 16 as favoring further credits to China. He said that China's favorable handling of the previous loan of US$ 25,000,000 would be an important factor in ex-

tending further credits. He said that several millions of dollars from the previous loan had been spent chiefly on motor trucks.

DEMAND RESTRICTIONS ON JAPANESE GOODS

The American Wage Earners Protective Conference, of which Matthew Woll, vice-president of the American Federation of Labor, is president, urged the imposition of countervailing duties against Japanese merchandise shipped to the United States, according to a *United Press* message from Washington on July 18. Mr. Woll's message was addressed to the U. S. Treasury Department and recommended the imposition of special duties on Japanese merchandise sold in America similar to duties recently imposed on German and Italian goods. The statement said that Japanese workers receive "virtually a slave wage" and also that while the Conference was opposed to war with Japan, it was nevertheless opposed to permitting imports into America "in order that dictatorships may acquire the war materials of our people to rob weaker people's lands and enslave them under a foreign yoke of oppression."

The message pointed out that Japanese goods were being sold at higher prices in Japan than abroad and that the Japanese people were forced to pay the higher prices to enable the Goverment to subsidize Japanese exporters. The system was similar to that used in Germany "which subsidized exports which otherwise could not be sold." In conclusion Mr. Woll's message urged the enforcement of mandatory laws to protect the revenues of the U. S. Treasury and to promote employment opportunities for Americans. He also said that the United States should be relieved of the charge of peing "an indispensible partner in the killing of innocent bersons."

Late reports from Washington (Wednesday) stated that President Roosevelt might keep Congress in session until action was taken on the Neutrality measure. It was also stated that the President "would not be opposed to the Pittman Embargo Bill, aimed against Japan, because of the large number of American protests to Japan charging disregard of the legitimate rights and interests of the United States in China." The House Foreign Affairs Committee was scheduled to begin hearings on a companion bill to the Pittman resolution on Wednesday of this week. The Senate, however, had not fixed a date for consideration of the Pittman measure. An unofficial poll of the Foreign Relations Committees of both houses, indicated that the Pittman Bill might be approved, provided the State Department considered the measure legal.

King-Hall 'News-Letter' Enrages Nazis; Roosevelt Angry With U.P.

For those with the requisite experience and an ability to "read between the lines," it usually is not difficult to distinguish official government propaganda, regardless of the auspices under which it is issued. It is not, however, so easy to trace it to its original source and show convincingly the source of its inspiration. The British, like most other governments, indulge in progapanda intended to present their policies to their own and other peoples in the most favorable light, but have a well-known aversion for having it made known that its source is official inspiration.

Germany and Italy have their propaganda ministries. The Japanese Government floods the world with propaganda. Neither of the three states seem to mind having their propaganda activities known. But with the British Government it is otherwise. London contrives to get its propaganda into the press and on the air, but shrinks from creating a propaganda ministry.

A few days ago, the German press worked itself into a rage when the discovery was made that a gentleman known as Commander Stephen King-Hall had been circulating British propaganda in Germany by mailing "news-letters" to a large number of citizens of the Reich. Some of the letters were mailed from abroad while others bore German postmarks. The particular letter which aroused the ire of the Nazis appealed for a change in German foreign policy in order to end international tension. It put the question: "Your Fuehrer should say here and now whether he intends to collaborate with us in an atmosphere of peace." Nazi Propaganda Minister Joseph Goebbels delivered a fiery answer in a radio speech, said King-Hall was a propagandist in the employ of the British Foreign Office. It was inconceivable, he said, that King-Hall paid postage on thousands of circular letters out of his own pocket. King-Hall denied he was employed by the Foreign Office. The Foreign Office denied it, too. That King-Hall's "news-letters" have a wide circulation is not to be doubted. They reach, among other places, Shanghai—with regularity. And they do, in their content, reflect Britain's foreign policy with remarkable accuracy.

Who is Commander Stephen King-Hall? The *Deutscher Dienst* this week published the following biographical facts concerning him: Born 1893, eldest son of Admiral Sir George King-Hall. Served in the navy during the World War. Later served on the China Station and with the Atlantic and Mediterranean fleets. Retired from the navy in 1929 to become editor of the "News-letter" which now has a circulation of 60,000 mainly among Britons. Has written fiction and books on naval life, many under the pen-name of Etienne. Among his better-known writings are *Western Civilization and the Far East* and *The China of Today*.

Speaking of propaganda, the *United Press Association*, one of America's two great news-distributing agencies (the other being *Associated Press*) was severely rapped over the knuckles by President Roosevelt last week for reporting an alleged disagreement between the President and Secretary Cordell Hull on the question of a message to Congress regarding Neutrality legislation. The president charged the agency with overstepping the bounds of decency. Hugh Bailie, president of *United Press*, replied July 14, in part, as follows:

"President Roosevelt yesterday made a public statement accusing the *United Press* of falsification of facts in connection with the reported difference in opinion between himself and Mr. Cordell Hull, Secretary of State, regarding a possible message on neutrality to Congress.

"The *United Press* story said that Mr. Hull was opposed to language which might anger the Rome-Berlin Axis and further antagonize the Senate. The President's statement said it was false that there had been any disagreement on language and that he and Mr. Hull had not decided up to that time whether to address a message to Congress on neutrality.

"Today Mr. Roosevelt did send a neutrality message to Congress in the language of a statement from Mr. Hull. The information contained in the *United Press* story yesterday was obtained from Government sources at both ends of Pennsylvania Avenue in Washington, both at the White House and in Congress. We regarded the story as reliable and regarded the information as news, and we still so regard it.

"In the future, as in the past, and so long as it is within our power to do so, the *United Press* will continue to report the news honestly and objectively as it develops, without distortion or partisan coloring and without bias or favor."

Speaking further of propaganda, the management of *Reuter's* office in Shanghai disclosed that the local Japanese military organ *Sin Shun Pao* (published in Chinese) had finally published a correction, or disavowal, of a faked telegraph message from Chungking which was attributed to *Reuters*. The article was printed in the Japanese paper on April 22 under a credit line reading as follows: "Telegram from Chungking by *Reuters* dated April 19." The article made it appear that *Reuters* Chungking correspondent had said, among other things, that "the internal conflict between the Kuomintang Government has now deepened," and that the British Ambassador's visit to Chungking in April had been "made under instructions from the British Government in order to warn, out of good intentions, the Kuomintang Goveinment to statt peace talks with Japan".

The management of *Reuters* as well as the British Consulate-General made representations to the Japanese Consulate-General about the affair and warned against a repetition, but the Japanese did nothing to correct the faked news item until this week.

Aside from this incident there recently were two other incidents concerning the publication of propaganda in China. In Hankow a Briton named C. Winterbottom has been under detention for allegedly entering the office of a Japanese-controlled newspaper and threatening the management because of articles of an anti-British character which had appeared in the paper.

In Tientsin the British Concession authorities (July 6) confiscated the issue of a Japanese-sponsored White Russian newspaper, the *Resurrection of Asia*, because of the rabid anti-British articles published daily in the paper. The paper was edited by the notorious "Lieutenant-General" Pastukhin, tool of the Japanese Army, who has been responsible for the anti-British agitations on the part of White Russians in the North China port.

The Proposal to Send 100,000 German Jewish Refugees to Yunnan Province

BY JOHN AHLERS

LATEST arrivals of German Jewish immigrants brought the total of these newcomers here to 15,500 by the middle of July. Thus, today, every fourth white man in Shanghai is a German emigrant, and still more are bound to land here. Thousands of German Jews have booked forward passages on German and Italian steamers, to Shanghai for months to come. By the end of this year, the total of German Jewish immigrants here may well have reached, or even passed, the figure of 20,000 envisaged by the local committees. By then, every third white face one meets in Shanghai streets will be that of a refugee from Germany.

Obviously there is no way of stopping this influx of German refugees at the source. Indications are that pressure upon German Jews will increase, and so will naturally their desire to leave Germany. No country in the world appears to be prepared to throw its borders open to the Jews. But completely open to them is the city of Shanghai, and this is due entirely to the war-born technicality that there is no restriction whatsoever of immigration, with the Japanese in control de facto but not be jure, and the Chungking Government de jure but not de facto.

Most of the new arrivals have not come to Shanghai because they thought they would be able to build up a new basis of existence and new life. They came here because Shanghai was the only place where they could go. Most of them hope later on to go somewhere else. However, while it is easy to enter Shanghai, they find it very difficult to leave the city. Local foreign consulates are not in a position to grant visas to the bulk of the German emigrants. Visas have been granted for entry into the United States, the Philippines, Australia, and British Crown Colonies, but only to a very limited number.

The local American Consulate-General, for instance, recently has been able to grant U.S. visas for German Jews only at the rate of one in a hundred applicants. Australia granted but a few visas. The remainder of the British Empire proved still more difficult for German emigrants. On their way here, less than a thousand altogether of these emigrants managed to get direct access to various Eastern countries. The Philippines showed themselves most generous; there are at present about 400 German refugees in Manila, women and children included. Only a hundred managed to disembark in Singapore and Hongkong. Siam took about 20 refugees, but recently deported some of them. German Jewish immigration into French Indo-China is practically nil.

Thus there are no prospects for most of the local German immigrants to go to other countries in any reasonable length of time. On the other hand, Shanghai will be unable, for years to come, to offer a regular living to 15,000 or 20,000 German Jews. Small indeed is the number who will manage to establish themselves here for good. Many may find provisional jobs and occupations, but the jobs are without any security and frequently are only of a temporary and charitable character. The bulk of the immigrants have not found anything, have no means of subsistence of their own, and completely depend on charity. The available charity funds are quite limited, and the members of all the committees dealing with the refugees are convinced that soon something must be done to move a great many of the German Jewish newcomers away from Shanghai. With other countries closing their doors to the refugees, attention is focussing naturally upon the study of possibilities of German Jewish settlement in the interior of China.

Japanese-occupied areas, for the time being, must remain out of consideration. While Japan proper is opposing the influx of German refugees, the Japanese authorities in China, thus far, have not created difficulties. The influx of refugees in these areas has been confined to the Hongkew and Yangtszepoo districts of Shanghai's International Settlement. Here, the refugees may find in the future some protection by the Settlement authorities. Elsewhere in Japanese-controlled China, however, the settlement of German refugees would involve a great risk for the refugees, since the Japanese may yet be ousted by the Chinese, and in that eventuality all and every protege of the Rising Sun would have to fear the worst.

There remain only the areas under the National Government's control for German Jewish settlement in the interior. The National Government has been approached, in this connection, and as a matter of principle has declared itself in favor of Jewish immigration and is prepared to consider serious proposals. China naturally would not be in a position to do anything more for the immigrants than permit them to enter the country. China herself already has the most appalling refugee problem of the whole world. There are about 30,000,000 Chinese refugees to be dealt with, that is 60 Chinese for every Jew in Germany and 2,000 for every German Jewish refugee in Shanghai. China is desperately trying to raise funds to assist her own refugee millions, hence she could not be expected to grant any monetary facilities or special advantages to foreign refugees.

This situation is fully realized by the refugee committees. These committees and their sponsors know well that the financing of Jewish immigration into, and settlement in China must be done with funds brought along by, or raised abroad for, the Jewish refugees. It is upon this basis that various plans for Jewish refugee settlement in the interior of Free China have been worked out. The most important of these plans thus far is the one promoted by Jacob Berglas, prominent German refugee in Shanghai, for the settlement of approximately 100,000 German Jews in Yunnan Province.

The plan is based on the supposition that there are, in the interior of China today, many new economic possibilities in connection with the building up of a new and modern economy, and that it is possible to secure in China's interior a high standard of life by comparatively small means. These presumptions are well-founded in fact. The Berglas plan schedules planned immigration into Yunnan for German Jews, each to be provided with sufficient means for food and housing for at least one year, under the direction of an international committee of presidents of various emigration offices all over the world, and financed by a Jewish cooperative bank. Part of the necessary funds, it is thought, many be contributed in the form of foreign goods, suitable for the establishment of business enterprises and connections, while part of the liquid funds available are to be invested in new enterprises which might employ Jewish economic experts, either experienced or newly trained ones.

The problem of raising the necessary funds for transport to Yunnan Province of a large portion of the recent Shanghai German immigrants and of tens of thousands of additional German Jews, as well as for the maintenance of all these people in Yunnan, should

not constitute the main difficulty. Local immigrants, living on charity from funds at present available, could be more cheaply maintained in Yunnan than here. Mr. Berglas' idea of releasing (against some contribution) American Jews from their obligations under about 100,000 sworn but unused affidavits on behalf of prospective immigrants who cannot come to the United States, also appears to be sound. World Jewry as a whole could provide additional means. There also should be some way to induce wealthy individuals among the emigrants from Germany to assist in financing the establishment of their poorer brethren. A total of U.S.$5,000,000 should be within easy reach of World Jewry for the realization of the Berglas Plan, and probably would be ample to secure its execution.

There are, however, other and more important difficulties. One wonders why Yunnan Province has been selected as the prospective site for a Jewish immigrant settlement in China. This choice was made possibly because the province is most remotely situated from the theater of hostilities, and is least likely to be reached by the Japanese invader's land forces. Yunnan also is at present, geographically, the most easily accessible province of Free China for immigrants from abroad, having the only railway connection across the Chinese border. On the other hand, it must not be overlooked that Yunnan presents a series of great obstacles to the installation there of newcomers from anywhere.

Yunnan is at present the most conservative (or backward) of the Free China provinces. At the head of the new economic development in the interior is progressive Szechwan, followed by Kiangsi Hunan, and Kwangsi. Even in Kweichow recent economic progress has been much more rapid than in Yunnan. All over Yunnan, there is considerable passive resistance against modernization. There is said to be frequent distrust of, and resistance to, the new Chinese immigrants from the provinces of the Lower Yangtsze. Yunnan is the only province in China which to this day retains much of its old provincial autonomy. The Chinese National Government, although its influence is on the increase, has by no means overpowered Yunnan, and the Governor, General Lung Yun, and his conservative administration, still are the chief power in the province. Their exercise of power is characterized on the whole by benevolent but occasionally fierce despotism. Jewish immigrants could not hope for any special status in Yunnan, but would have to become full Chinese citizens. Fortunately, the Berglas Plan realizes this and there should be no illusions that Zionist experiments could be carried out anywhere in China.

Yunnan is not a rich province. There is certain immobolized potential natural wealth in mines, low-grade coal, tin, and in agriculture. But one-third of the province is terribly malaria-stricken. A large portion of Yunnan, which to a certain extent is still a Chinese colonial enterprise, is unsurveyed wild country peopled by unruly or unsubdued aborigines. Though the cost of living is low in Yunnan, the general standard of living also is extremely low. There *is* no uncultivated arable land to be had. There is a certain demand for doctors, engineers, technicians, and educationalists. There is no demand whatsoever for mere merchants and employees. There is hardly any prospect for non-Chinese to enter successfully upon Yunnan domestic mercantile business. There are representatives of all the foreign firms which at present have any prospect of selling their goods already in the province.

The author of this article has not been in Yunnan himself, but has thoroughly discussed the situation in the province with a great many who know Yunnan well. The consensus of opinion is that the province, at present slightly touched by the awakening of China's interior, offers certain opportunities for a strictly limited number of exceptional, outstanding foreigners, well trained as specialists in a series of modern occupations, and may be for a few hundred hard-working others. Yunnan experts, however, fail to see any possibility for successful mass immigration from abroad, and also voice anxiety that strong opposition might be encountered on the part of the native Yunnanese.

This also appears to be the opinion of responsible members of the National Government in Chungking. Dr. Wong Wen-hao, Minister of Economic Affairs, in an interview granted on July 9 to Hans Melchers, the German *Transocean's* General Manager for the Far East, said that he thought the Berglas Plan was not very practical. He stated that it was not just a question of providing a certain sum of money for the immigrants which might benefit Chinese economics, but that there were a multitude of other problems which were excedingly difficult to overcome. However, the whole matter is still under consideration and so far nothing concrete has been arrived at; hence there does not appear to be much prospect of an early realization of the Berglas Plan in its entirety.

The writer ventures to suggest, in view of the situation and of the existing difficulties, that, for the time being, only partial and tentative action be taken under the Berglas Plan. The suggestion for the establishment of 100,000 refugees probably should be held in abeyance for the moment, and efforts should be concentrated upon the disposal of the majority of the German immigrants who are now in Shanghai, and those scheduled to arrive here in the near future. On the other hand, the establishment of these refugees not only in Yunnan, but also in other provinces under the Chinese National Government's influence, ought to be considered. Six provinces are completely under Chungking's control, and so is the major part of at last five others, all beyond the Japanese front lines. In every one of these provinces a few hundred German refugees could be settled, which would make a total of several thousands whose departure from Shanghai would greatly relieve the others.

There is a considerable number who are suited for, and willing to follow occupations in, the interior which are available for them. There are numerous Chinese authorities and establishments which are eager to obtain such men. It has proven, however, to be a matter of greatest difficulty, to bring such refugees and interested Chinese authorities and establishments together. It would appear advisable, therefore, that the refugee committees establish in Chungking, Kunming, Kweilin, Kweiyang, Chengtu, Sian and other places, trustees who would investigate the possibilities of placing individual refugees or small groups and who would provide them from Shanghai. There are many places in China where Jewish doctors, mechanics, engineers, educationalists would be hired on the spot if only they were there.

A special fund should be set aside to provide for costs of travel and elementary equipment for refugees thus to be established. This fund should be used for this purpose exclusively and not for charity. A sum of $100,000 would be ample, and could be raised under the provisions of the Berglas Plan. If it would be reported to the Shanghai refuge committees that, for instance, a dozen good drivers and mechanics are likely to find employment in Kunming or Kweiyang, these men should be sent there by the committee, at the special fund's expense, and be proposed to the Chinese concerned on the spot. Of course, such refugees ought not to be allowed sight-seeing trips; they would have to undertake to accept any occupation offered if the committee would be satisfied with the offer made. Certainly, a hundred thousand men cannot be settled in this way, but perhaps several thousand could be disposed of by such means up to the end of this year.

Shanghai. July 12, 1939

Sinkiang: China's Highway to the West

1. Japan Covets the Rich Hinterland Province

BY ANNA L. WANG AND DORIS RUBENS

TODAY as the Japanese militarists, exasperated by defeat, extend their battlefront still further to the far-off borders of Mongolia, a baffled world watches with amazement. Besieging a country of the dimensions of China and shutting her far-flung highways to the west, might seem an impossible task. However, this seems to be the aspiration of the Japanese warlords, who as they grow weaker appear to grow more audacious. Certainly no success of theirs upon the thousands of miles of the present Chinese front warrants such an extension of their battlefront. It is rather because of the failure of their campaign on the Chinese front that they are brought to the painful realization that as long as China has access to the arms and support of sympathetic powers, so long will she remain in action.

However, the closure of these avenues by force of arms appears to be beyond the power of Japan. She has bribed, threatened and incited to this end, but still China's highways to the South and West remain open. She has provoked innumerable incidents upon the Outer Mongolian border with no other objective in mind than to intimidate the Soviet Union and Outer Mongolia into closing the Sinkiang border and to restrain them from carrying on free trade and intercourse with their friend and neighbor. Already the Japanese have penetrated into Inner Mongolia, finding in Prince Teh a most faithful puppet and feeding this effeminate descendant of the Khans on dreams of a Mongolian Empire. But between the Japanese and their westward expansion stands strategic Sinkiang.

Sinkiang, a land of vast deserts, almost impenetrable mountains and great fertile valleys stood ever as China's most formidable bulwark against invasion. Today it is more vital to her preservation than ever, being China's gateway to the western world. For over nine hundred miles it borders upon the Soviet Union while north of it range the Altai mountains and Mongolia, and south of it beyond the Kweilien mountains lie India and Tibet.

From time immemorial wave after wave of alien peoples crossed the frontiers of the province and were absorbed in the great plains and mountainous regions. Today Sinkiang presents a strange commingling of those races. Beneath the Altai mountains rove the Mongol nomads with their herds of cattle as they did in the days of Genghis Khan and Tamerlane, from the mountain valleys to the great plains and plateaux of the low land, following the seasons. Chinese Mohammedans, austere and warlike, have come in from Shensi through the long corridor of Kansu, still faithful to their religions and customs.

Impervious to the changing centuries and invasions have remained the original inhabitants, the Musselmen, or—as they called themselves—the Ouigars, Caucasian in appearance, proud and rebellious by nature. In all these centuries they have not yielded their Mohammedan religion nor their bizarre conventions. They still practise polygamy, each man being allowed four wives by the laws of Mohammed. Wives and husbands are chosen not by themselves, but by their parents, and having been assigned to each other, the elaborate ceremony of moving becomes the wedding. The union having been sanctified by the recitations of an Ahun or religious official, the bride is sent to the dwelling of her future husband. She wears a brilliant kerchief upon her head, and rides upon horseback, following the weird music of the flutes and drums. Divorce is easy and is procured by the mere formality of soliciting it. If the whims of the husband have occasioned it, the wife is permitted to take with her whatever object she desires from the household. If she be responsible, she can take nothing. The women are supposed to be married by fifteen, and at all times keep their faces veiled, as in other Mohammedan countries.

On the border of the Soviet Union settled the Kazaks, stubborn and ferocious, the fast-riding Cossacks of the province. Other races like the Tartars, Tadjiks and Uzbeks had also gradually filtered into the province. Chinese had been banished to Sinkiang as punishment for crimes or insurrection. For a long time it was an old custom of Chinese invaders into Sinkiang to bring in with them as settlers people from the provinces of China. White Russians, fleeing the Civil War in Russia, also settled in great numbers in Sinkiang. Along old routes, connecting with India, move the Hindu traders carrying on a profitable commerce with the many races of the interior.

Chairman of Sinkiang Province

Li Yung

So stands Sinkiang with her four million people, divided into fourteen races, occupying a territory as large as England, France and Germany put together. And this vast territory, whose natural wealth and resources seem limitless, has only been tapped in recent years by a modern administration that would make this pro-

vince China's impregnable fortress in the Northwest and the richest of all her provinces.

Gold, iron, copper, salt, oil and coal, gypsum and saltpetre are among the resources which make Sinkiang the most coveted province of China. In the gold deposits of the Altai mountain are found nuggets of as much as forty ounces. In seven different districts over fifty thousand miners turn out twenty thousand ounces of gold annually, with only obsolete methods of production. The gold contents of the rivers await only modern equipment to make them a source of great wealth. It is a custom of the wealthier Ouigours to keep as much as two or three hundred ounces of gold hidden in their homes.

The iron ores of the province are not less valuable. The T'ieh Cheng Kou vein has been found to run for one hundred twenty five miles to the Chir mountain of Tacheng. So easily are these ores procured that the natives exploit them and refine them immediately for their daily needs.

In the Northwest, along the Wulanwushu River, runs a vein of copper, one of the largest ever discovered. In southern Sinkiang the ores of Sufu Hsien contain no less than forty per cent copper.

The possibility of exploiting the petroleum resources of the territory is the immediate occupation of the provincial government. They anticipate a sufficiency of oil to take care of their industrial needs for many years to come. Wells have been discovered in Kashgar and such dissimilar regions as Tanak Klayalun and Suilai, and so abundantly does it appear to exist in Wusu that it is necessary to stop the flow of oil before drilling a well.

The jade of Kotan has long been famous in China, both for its quality and abundance. In spring and autumn the natives dive into the river and extract the jade It can also be readily procured from a mountain whose peak consists of pure white jade.

In Sinkiang, indeed, the Japanese might find in abundance the materials required for their collapsing economy: gold to maintain a currency that is at the point of irremedial disintegration; iron, oil and coal for the maintenance of war machinery and an impoverished technology. In Sinkiang's fertile plains could be reaped cotton, barley and wheat for the sustenance of hungry armies.

It is hardly to be imagined that Japan could overlook so inviting a territory. Most inimical to the Japanese of course is the fact that as long as the frontiers of Sinkiang remain open, supplies will come pouring into China through Siberia, India and Tibet. To push her armies at this time into the province she would not dare. Any line of communication would be impossible to maintain and any army sent into its vast interior would very likely be lost and annihilated before it reached the Siberian or Indian border.

Realizing the impossiblity of any direct invasion, the Japanese resorted to intrigue and attempts to incite insurrections among the people of Sinkiang. For this purpose they maintained special service organs in the towns of Ninghsia, Chinghai and Erhlitzeho to carry on terrorist activities and disrupt the equilibrium of the province. When this proved ineffectual, the Japanese bribed certain merchants of Tsientsin to transport for them secretly three million dollars in cash to be used for the bribery of merchants and officials and for the operations of terrorists. Some of the merchants of the provincial capital, Tihua, as well as the vice-chairman and other functionaries, accepted these bribes, in return for which they were to conspire and overthrow the present government of the province. But this plot was detected long before it accomplished anything.

Sinkiang Types

Sinkiang's population is a comglomerate intermingling of racial types—Chinese, Kazaks, Mongols, Mohammedans, Tartars, Russians and others. The group in (1) are Tartar children. The athletic-looking girls in (2) belong to the same racial strain. In (3) are seen White Russian girls who have become naturalized Chinese citizens. Group (4) is a nomad Kazak family camped out in the woods.

The conspirators were thrown into jail and their bribes confiscated. At present, the government, more wary than ever, has intensified its drive against all Japanese activity within the province.

Aping somewhat the political philosophy of her present enemy, Great Britain, Japan has seen in the conglomoration of races in Sinkiang a chance to divide and rule. Moreover, she has seen in the complicated machinery of its government a possibility of inciting one faction against another, with the hope that the stability of the province might be wrecked completely and weaned away from its friendship with the Soviet Union. But this friendship has proved far too advantageous to the prosperity and development of the province to be destroyed by any crude artifice or intrigues of the Japanese.

Sinkiang can never ignore the assistance rendered to it by its Soviet neighbor when it lay disorganized and impoverished following its long years of civil war and deterioration. That the stabilization of the province was necessary to the Soviet goes without saying, for conflict on the border might be contagious and spread into Soviet territory, whose inhabitants were not so different from their Chinese neighbors, But that the Soviet intention was to dominate Sinkiang has not been demonstrated. The province remains a unit of the Republic of China. Dr. Sun Yat-sen's three cardinal principles of the Kuomintang are used in Sinkiang school textbooks and the flag of the Kuomintang government flies over the public buildings.

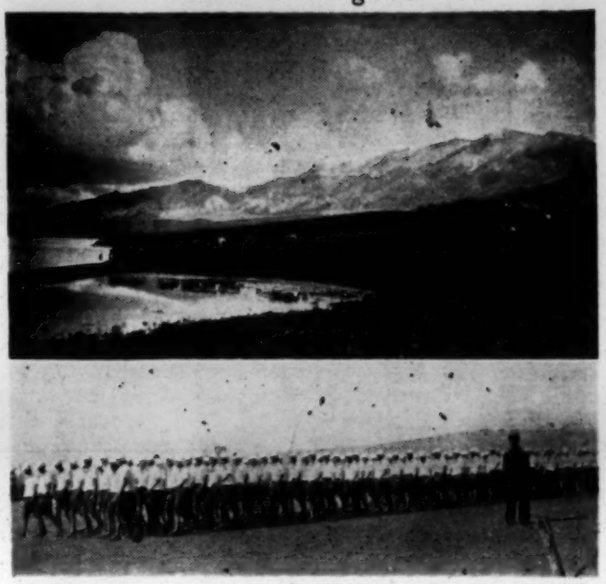
The Real Controller of Sinkiang

At the center of the picture is Sheng Shih-tsai, Director General of the Sinkiang Border Defense Commission and the effective head of the provincial administration. He is sometimes called Governor of the province. The young men in the group are Mohammedan and Mongolian students.

However, for a country to remain alongside another and not emulate in some degree its industry and advancement is impossible. Moreover, it was quite clear to the progressive administration which had been installed after the revolution of 1932 that peace and stability could only come to Sinkiang through reconstruction and mutual endeavor. Social reforms alone could do little if they were not attended by an amelioration of the poverty and discontentment of the various races. In thus working for their own welfare and security, their antipathies would be submerged and a profitable outlet provided for the energies of a people that had had revolutions and uprisings at least once every thirty years.

The installation of General Sheng Shi-tsai as Chairman of the provincial government was immediately followed by an ambitious industrial and social program. And just as the Soviet Union had looked to the world for assistance in technological advancement so did Gen. Sheng solicit the aid of his Russian neighbor in his plans for the industrialization of Sinkiang. For this purpose he borrowed five million gold rubles at an annual interest of four per cent. With this he was able to procure the necessary technical experts and advisors. That these

In Far-Off Sinkiang Province



The upper view, beautiful in its mountain and cloud effects, is of a summer resort at Ili. Below, military cadets are seen at drill near the same city.

technicians and experts were preponderantly Soviet citizens was due not merely to proximity of the country, but also to the similarity of the problems encountered in the Soviet reconstruction of Siberia. This assistance, however, was confined to the technical development of the province and was not allowed to penetrate into the political or economic fabric of Sinkiang.

A three year plan of reconstruction was evolved by General Sheng to meet the needs of the province. Hospitals and highways had to be built, natural resources exploited, cities modernized, defenses augmented and communications established connecting the far-off frontiers of the province. Here indeed was a gigantic undertaking for a people that had hardly changed their mode of existence since the days of Tamerlane.

Editor's Note:—Two further articles in this series will appear in succeeding issues of The China Weekly Review.

Many Die of Cholera in Hankow; British Blamed

A recent outbreak of cholera in Japanese-occupied Hankow had taken 157 Chinese lives up to July 15, according to a *Domei* report from that city which said that the epidemic had affected 279 persons all told. The local authorities blamed the outbreak on a British missionary hospital which allegedly failed to report the first case on June 25, the agency said. A report from the same source two days earlier said that the Japanese Consulate-General in Hankow prohibited sales of aerated waters prepared by the Hankow Dispensary and the Hankow Ice Works on the ground that they were injurious to health because they contained dangerous preservatives. The Hankow Dispensary is British-owned, while the ice works is under joint Anglo-Chinese management. Both are situated in the French Concession.

Air Force for Ceylon; Conscription for H. K.

A Volunteer Reserve Unit of the Royal Air Force is to be organized in Ceylon as a result of negotiations between officials of the British Air Ministry and represen-tatives of the Aero Club in Colombo, *Transocean* reported July 14, adding that the Aero Club would receive from the British Government a loan of £105,000 to cover expenses, while the Air Ministry would establish a training school for pilots and provide six planes for training purposes.

A *Reuter* report from Hongkong the same day said that all able-bodied British subjects in the Colony are to be conscripted into a Defense Force in terms of a bill adopted by the Hongkong Legislative Council.

Wang Ching-wei Given Rebuff by Peiping Puppet

PERHAPS the most unhappy man in war-torn China today is Wang Ching-wei. Expelled by the government, discredited before the people and duped by the Japanese, this distraught politician is now even rejected by the puppets!

While Wang's exact relations with the Japanese and his position in the Japanese scheme of things are little known, his first open appearance on the stage of the puppets has been greeted with a rebuff which, to say the least, must be damaging to his plans for "saving China" for the Japanese.

Quite a surprise was caused to both Chinese and foreigners last week-end, when Wang Keh-min, head of the puppet Peiping "Provisional Government," openly voiced his opposition to the scheme for a federal government in Japanese-occupied China with Wang Ching-wei as the head.

Wang Did Not Attend

Receiving foreign and Japanese correspondents at Peiping, Wang Keh-min declared that the suggested new government was not even discussed at the recent Tsingtao conference, which was attended by high Japanese officials and officials of the Peiping and Nanking regimes. He denied that Wang Ching-wei attended the meeting and said it was unlikely that the "United Council" of the Nanking and Peiping administrations would discuss the subject of a new federal government at its next meeting in August.

This disclosure created a sensation, particularly among the Japanese correspondents, since the Japanese Army spokesman had announced prior to the opening of the meeting that plans for the formation of a new joint government would be the main subject on the conference agenda. Replying to a barrage of of questions from startled Japanese newspapermen, Wang Keh-min gave still further discouragement, declaring that his "Government" would issue no statement, either supporting or answering Wang Ching-wei's manifestos and peace appeals.

Differ on Methods

There was a wide difference in public reactions in North China to Wang Ching-wei's statements, according to Wang Keh-min, some favoring and others criticizing Wang Ching-wei. While the "Provisional Government" agreed with Wang Ching-wei in wishing for the end of the war, he concluded, they differed in opinion as to the methods for bringing about peace.

Wang Keh-min's bold challenge to Wang Ching-wei has given rise to much speculation, as it appears certain that he could not talk on his own authority and must have done so with strong Japanese backing. According to information from foreign sources, the Japanese are very much divided among themselves regarding the choice of a chief puppet in China. It is said that Gen. Itagaki, Japan's war minister, and Gen. Doihara, the Japanese intriguer, are strong supporters of Wang Ching-wei. They intend to make Wang the head of the projected puppet central government, for which purpose, they are alleged to have given Wang a monthly allowance of Yen 1,500,000 from the customs revenue to finance his activities.

Pitted against the Itagaki-Doihara group is the powelful triumvirate of Gen. Kita (chief of Japan's secret service in North China, with close connections with the Kwantung Army), Gens. Sugiyama and Terauchi (the incumbent and former commander-in-chief of the Japanese forces in North China, respectively). They are said to be in favor of the policy of "divide and rule" and the retention of Wang Keh-min as head of the North China regime. Presumaly it was with the advance permission and consent of the latter group that Wang Keh-min issued his challenge to Wang Ching-wei.

The Nanking Poisoning

Another intersting revelation by reliable foreign sources is that the recent attempt at mass assassination of the officials of the Nanking regime by poisoning was made not by agents of Chungking but by those of Wang Keh-min, who wanted to wipe out the Nanking gang so that he might dominate all Japanese-occupied China. Of course, definite confirmation of the story is impossible, but such a plot on the part of Wang Keh-min is not improbable in view of his wild ambitions and his present attack on Wang Ching-wei.

Wang Ching-wei's present whereabouts are again a mystery, as a result of Wang Keh-min's disclosure that he did not attend the Tsingtao conference. Whether Wang Ching-wei did or did not go to Tsingtao, it appears that he must now be in Shanghai. What tends to confirm his presence here is the fact that the residence of Wang Po-chun, former minister of communications, on Yu Yuen Road, which was recently confiscated by the Japanese, is now being reconditioned and "fortified." According to information from both Chinese and foreign sources, this building is to be used either as the residence or office of Wang Ching-wei. Meanwhile, it is also reported that Wang will continue to stay in the French Concession, while the Yu Yuen Road building will house his leading associates, the most important among whom is Lin Pa-sheng, Wang's chief publicity agent and formerly editor of *Nan Hua Jih Pao* in Hongkong.

Wang Ching-wei on the Air

Press Union photo

This is the latest picture of the expelled Deputy Executive of the Kuomintang. It was taken July 9, presumably in Shanghai, as Wang delivered a broadcast address in Mandarin and Cantonese in which he reiterated his stand in favor of peace between China and Japan. The address was broadcasted from a Japanese station.

Expel Wang's Wife

While Wang finds himself in a dilemma, the National Government is taking stringent measures to curb the activities of his associates. Action has been initiated by the Standing Committee of the Central Executive Committee of the Kuomintang, which has decided to expel Mrs. Wang Ching-wei (nee Chen Pi-chun) and Chou Fu-hai (former director of the Central Publicity Department), both members of the C.E.C., permanently from membership in the Kuomintang. Judicial proceedings against Mrs. Wang and Mr. Chou are expected soon to be instituted by the National Government.

A message of greetings was received by the editor of **The Review** from the Young Journalists' Association of China in Chungking. The message congratulated **The Review** on its stand in the present Sino-Japanese hostilities, stating that "your work has become a model for the newspaper workers of the New China."

According to a foreign traveller who just arrived at Shanghai, Tsingtao is destined to become a most important export point for the opium traffic under the direct supervision of the Japanese, with its outlying fields thickly covered with poppy plants. The man, who made the trip to Tsinan by railway, saw poppy fields flanking both sides of the tracks and said that in the cities, drug traffickers were busy with preparation for a big harvest. A large number of young Chinese in Tsingtao are said to have escaped into the country, as the Japanese there are preparing to enforce new conscription measures, one of which provides that all Chinese youths between 18 nad 25 are required to undergo "military training."

Military Plans Mapped

A new puppet government was set up by the Japanese in Hainan Island on Monday of this week, with Chao Shin-wan as chairman. "Hainan for Hainanese" is the Japanese slogan.

A new stage in the Sino-Japanese war is expected to result from a further consolidation of the Chinese military administration now being completed in Chungking. Officered and staffed by China's best military men ,the National Military Council, headed by Generalissimo Chiang Kai-shek, is mapping out comprehensive measures for the prosecution of the second stage of resistance against Japan, which, when put into execution, will bring about important developments in the military situation.

Details regarding the personnel and organization of China's supreme war organ were revealed last week in Chungking. The Council is composed of eight men, who are General Feng Yu-hsiang, General Yen Hsi-shan, General Li Tsung-jen, General Cheng Chien, General Li Chi-sen, General Tang Sheng-chi General Sung Cheh-yuan and Admiral Chen Shao-kwan.

The National Military Council, which is exclusively responsible for China's national defense, discharges its numerous duties through a Main Office and ten boards, namely:

The Military Operations Board.
The Military Affairs Board
The Military Training Board.
The Political Affairs Board.
The Military Advisory Council.

Directorate - General of Courts Martial.

The Personnel Board.
The Naval Board.

General Ho Yao-tsu, former Minister to Turkey, heads the Main Office, which is responsible for the transmission of military orders and general business connected with the Council.

General Hsu Yung-chang is chairman of the Military Operations Board, which is in charge of national defense, local pacification and mobilization of military and air forces for war and military intelligence. This Board also controls the War College, and the National Bureau in charge of Chinese Military attaches abroad.

Ho Heads Board

General Ho Ying-ching is the head of the Military Affairs Board, which is in charge of the preparation and allocation of munitions, funds, rations, uniforms, equipment and supplies, while General Pai Chung-hsi is chairman of the Military Training Board, which is in charge of military schools and the training of recruits.

General Chen Cheng heads the Political Affairs Board, which controls propaganda and political training, and General Chen Tiao-yuan is chairman of the Military Advisory Council, which is in charge of military research.

General Ho Chen-chun is Director-General of Courts Martial.

General Chiang Kai-shek is concurrently chairman of the Aeronautical Commission, with General Chow Chi-jou as Director.

General Yu Fei-peng heads the Service Board, which is in charge of transportation.

General Wu Shih-yu is the head of the Personnel Board, while Admiral Chen Shao-kwan is chairman of the Naval Board.

Tsai Back in Ranks

Gen. Tsai Ting-kai, formerly commander of the 19th Route Army, which fought against the Japanese in the Shanghai war in 1932, is now back again in the ranks of China's fighting generals. For the past few months, he has been directing operations west of Canton. He played an important part last April, when his troops successfully blocked the Japanese advance toward Kwangsi along the West River. Gen. Tsai visited Chungking last March in response to a call from Gen. Chiang Kai-shek. After receiving instructions from the Generalissimo, Gen. Tsai returned to South China and was made commander of a group army defending the West River regions.

An appeal to Chinese nationals not to deposit their funds in foreign banks nor to use them to purchase foreign exchange, but to invest them at the rear to facilitate the war of resistance was made by the Chinese press in Chungking. After recalling the recent withdrawals of deposits from Chinese banks in Shanghai, following the Japanese blockade of the British Concession in Tientsin, the papers declared that it was necessary for the Ministry of Finance to impose restrictions on withdrawals of deposits from the Shanghai banks.

Night Air Raid on Chungking

Photo by Thomas Kwang

On July 7, second anniversary of the commencement of Sino-Japanese hostilities, Japanese air raiders subjected the provisional capital to its first night bombing. Here is seen one of the terrible fires caused by an incendiary bomb in the heart of the city.

Overseas Donations

One of the most encouraging phases in China's war of resistance is the unwavering loyalty demonstrated by the Chinese overseas. They not only support the policy of resistance against Japanese aggression, but have made large contributions toward China's war chest. Remittances from overseas Chinese to their families in China and their contributions to philanthropic societies in China show steady increase. These remittances and contributions form an important

item in China's invisible balances. In 1938, the remittances amounted to $600,000,000 and the contributions totalled $70,000,000.

On the occasion of the second anniversary of the war, overseas Chinese in various parts of the world made large donations to the Government. Chinese communities in Siam contributed a total of $700,000, the Chinese in the Netherlands East Indies donated $100,000 and the Singapore Chinese remitted a total of $4,580,000 during the month of April.

Ching Kwang-yen, chairman of the Chinese General Chamber of Commerce in Siam, is now visiting in Chungking, where he will be received by Gen. Chiang Kai-shek. After his visit in the wartime capital, Mr. Ching will tour the southwestern provinces to study possibilities of investment in developing industries.

Interviewed by H.H.P. Melchers, *Transocean's* General Manager for the Far East, Chang Kia-ngau, minister of communications, declared that the communication lines at the moment were in a deplorable state, but every effort was being made to improve the situation. The foremost object of the government, Minister Chang declared, was to increase the supply of war materials, industry therefore being engaged primarily in the xecution of armament orders. The consequence was that the production of the necessary machines for the building of roads was delayed and that the communications could not be improved or supplemented by the construction of new lines. In spite of these difficulties, Mr. Chang said, the government was doing its utmost to improve the conditions.

Opium Prohibited

In accordance with the Government's six-year opium suppression program, opium will be completely eradicated from Free China by the end of next year. Gen. Chiang Kai-shek has issued a circular order, strictly forbidding the cultivation of the poppy, especially in Szechwan, Kweichow and Kansu, this autumn and winter. The order decrees that any person found violating it will be sentenced to death.

Commenting on the Sino-Japanese war as it entered its third year, the *London Times* said: "Measured in terms of human life, the China war is one of the most destructive in history. The Chinese 'scorched earth' policy, a repetition of what the Russians did to Napoleon at Moscow in 1812, leaves the victors with little to show for their gains. The Chinese, for all their sufferings, are not subdued. Accustomed to see things in long perspective, they realize that time helps them. The outlook for the Japanese grows steadily worse. Morally, they haven't a leg to stand on. They are undisguised aggressors and the excesses committed by their soldiery have made them everybody's enemy in China. The more battles they win, the greater grow their entangling commitments. They can neither get on nor get out."

China's Dollar Takes Another Deep Plunge

On Tuesday of this week, with Shanghai still trying to adjust itself to the inflated price levels brought about by the recent heavy slump in the exchange value of Chinese currency, the Chinese dollar took another spectacular dive on the foreign exchange market as the Hongkong & Shanghai Banking Corporation and the Chartered Bank of India, Australia and China, upon instructions of the Control Board of the Currency Stabilization Fund in Hongkong, suspended sales of foreign exchange against Chinese national currency, forward or against cash, for the account of the Fund.

The Chinese dollar dropped from 6½ pence to 5d shortly after the opening of business. It recovered slightly during the day to 5½ pence, but dropped again to around 5¼ pence the following day (July 19). Banks were buying United States dollars at the rate of $1,000 Chinese currency for U.S.$100. In other words, the Chinese dollar is now worth 10 cents in American currency. Thus far there has been no indication that the new exchange rate will be maintained and fears are freely expressed that a further plunge may occur shortly to make Chinese currency, in terms of foreign exchange, worth no more than the paper it is printed on.

Business Dries Up

London business in Chinese dollars, *Reuter* reported, had virtually "dried up." Banks in the City maintained they were not justified in taking the risk of overnight fluctuations by purchasing Chinese dollars in large amounts. Hence there were only very small occasional transactions, generally representing the withdrawal of funds from China. British holders of such funds felt, however, that it was desirable to leave them in China for the present and hope for an eventual improvement in the exchange rate rather than sustain a heavy loss.

Chungking circles attributed the catastrophic fall in the Chinese dollar, in the main, to speculation flowing from nervousness in the Shanghai market. This nervousness, *Reuter* reported, was attributed to two main factors:

1. Rumors spread by certain quarters that Dr. H. H. Kung, Finance Minister, was about to resign, and the reported intention of T. V. Soong, chairman of the Board of Bank of China, to visit London, both of which tended to create the impression that Chinese finances are in a desperate state.

2. Speculation concerning the possible outcome of the Anglo-Japanese negotiations in Tokyo, the speculators fearing that if Britain yields to Japanese demands, Chinese currency will be adversely affected. (Japan has demanded the handing over of silver reserves lodged in the British Concession at Tientsin, British support for the Federal Reserve Bank currency, and prohibition of the circulation of China's national currency in the British Concession at Tientsin.)

Political Motive Seen

While the fresh drop in the dollar was attributed in Chungking to speculative activities, the fact that the plunge was immediately caused by the action of the Currency Stabilization Fund in withdrawing support lent strength to a belief that a political motive lay in the background and that China, with British approval and aid, had dealt a deliberately-calculated blow at her opponents in the Sino-Japanese currency war. The latest fall in the exchange value of the Chinese dollar is expected to affect adversely the puppet Federal Reserve and Hua Hsing currency and generally make it more difficult for the Japanese to acquire foreign exchange through the medium of these issues.

Effects of the new currency slump are already being felt in Shanghai, where prices have soared another 25 per cent and more for imported articles. Many firms are now quoting their wares on a foreign currency basis only.

Soviet Honors Tzarist Navy Heroes of 1904-5

In preparation for Soviet Navy Day on July 24, the Soviet Government has completed restoration of a monument erected in memory of an Imperial Russian warship shortly after the disastrous Russo-Japanese War of 1904-5, according to a *Havas* report from the Soviet capital. The monument was erected to the officers and men of the destroyer *Stersgouschtchy* which was sunk by four Japanese destroyers in a battle off Port Arthur after putting up a gallant fight. The captain and all but two of the crew were killed. Believing all on board to be dead, the Japanese took the vessel in tow, but the two survivors went below and opened the sea-cocks, causing the warship to sink and thus depriving the Japanese of their prize.

U.S. Court Denies Claim by the Bank of Spain

The Federal Court in New York last week rejected an application of the Bank of Spain for the return of $6,450,000 worth of silver shipped to the United States by the former Spanish Republican Government, *Transocean* reported July 16. The court found that the silver had been bought and paid for by the United States Government at a time when the Spanish Republican authorities were still the legal government of Spain.

Sarawak Adopts Unusual Official Secrets Law

The Government of Sarawak, a district in Borneo ruled by a British Rajah, in its official *Gazette* on July 17 published the text of an extraordinary official secrets law which will operate immediately, *United Press* reported.

The law imposes penalties for espionage activities, wrongful communication of information, unauthorized use of uniforms and for communicating with foreign agents.

The official Gazette also published a food control order covering rice, salt, sugar, milk, flour and fats.

Press Reports Hint at Outcome of Parleys in Tokyo

WHILE at the time *The Review* went to press three meetings had already been held in Tokyo between Foreign Minister Hachiro Arita and Sir Robert L. Craigie, the British Ambassador—two last Saturday and Sunday and the other on Wednesday of this week—no information had been forthcoming as to the results achieved, if any. The impression prevailed that the talks were of a preliminary character, intended to define the scope of the long-delayed negotiations for ending the Tientsin blockade.

During the past week, there have been contradictory reports regarding Britain's attitude. Some of these have asserted that the British temper is rising and that far from conceding the sweeping demands of the Tokyo Government, London is about to take retaliatory action for the blockade of the British Concessions in Tientsin and thus force a showdown with Japan. Other reports, and by far the most numerous, have suggested that Britain is prepared to achieve agreement with Japan at the price of considerable concessions.

"Virtually Certain"

United Press on July 13 quoted a British Government spokesman in London as saying that Britain is "virtually certain" to introduce legislation penalizing Japan for her violation of British rights in the Far East—*if* the United States Congress adopts the Pittman embargo bill directed against Japan. Britain, he reportedly said, was willing to follow the lead of the United States in authorizing an embargo on exports of arms, munitions and strategic raw materials to any violator of the Nine-Power Treaty. So far, however, there has been nothing to indicate that Britain is prepared to take any independent action against Japan, or even the initiative in any concerted action, although the same *United Press* dispatch declared that sentiment against Japan in British official circles in London was mounting as a result of Japanese outrages against British nationals and property in China.

Evacuation is Talked

The London correspondent of the New York *Times* reported July 19, according to *Domei*, that Britain was seeking a postponement of the Tokyo negotiations until October, "when a clearer view of the European situation will be obtainable." He also reportedly regarded it as certain that Britons would be temporarily evacuated from Tientsin in the event of an aggravation of the anti-British agitation in China.

The London *Daily Telegraph* reported on July 18, according to a *Transocean* dispatch, that the British Government was considering a plan for the temporary evacuation of the British Concession in Tientsin and that the Cabinet deliberations had taken this direction in connection with the question of "more effective assistance to Chiang Kai-shek."

Chungking, according to a *Transocean* message from that city on July 17, is pessimistic regarding the prospects for confining the Tokyo negotiations to the question of the blockade in Tientsin. Chinese papers in the provisional capital were credited with the view that the Japanese are firmly persuaded of Britain's preference for compromise and temporary security rather than for a decisive contest over the stake represented by the British position in the Far East.

A *Domei* report from Tientsin on July 15 said that "some foreign quarters" in that city believed the Anglo-Japanese conference in Tokyo would result in acceptance by Britain of the Japanese demands. The nature of these demands was suggested in a *Domei* dispatch from Tokyo on July 13, which outlined the policy adopted by the Japanese Government for the Tokyo negotiations. Highlights of this policy, according to the agency, were understood to be:

1. Whereas British hostility towards Japan in North China constitutes the basic cause of the present dispute, the eradication of this attitude will be sought by means of the abandonment by Britain of her policy of assisting the regime of Gen. Chiang Kai-shek and through her realization of the change in conditions in North China and

2. Concrete evidence of British good faith in seeking a solution of the dispute will be sought in the cooperation extended to the Japanese authorities in political, economic and other matters by British officials in the Tientsin Concession.

Diet Session is Asked

The Executive Committee of the Social Masses Party, third largest party in the Japanese legislature, on July 17 petitioned Baron Hiranuma, the Premier, to summon a special session of the Diet in connection with the Anglo-Japanese negotiations in Tokyo. These negotiations, the petition said, were an extraordinary event aiming at a new order in East Asia, and that consequently it was necessary to explain Japanese policy clearly and unambiguously before the entire world and to increase the power of national unity by all possible means.

The Japanese campaign against Britain meanwhile continues with growing intensity, both in Japan and in China. A high point in the campaign in Japan was reached July 14 when a crowd estimated at several tens of thousands gathered in Tokyo's Hibiya Park to listen to inflammatory speeches and pass anti-British resolutions. Banners bore slogans reading "Watch the Tokyo Conference," "Meet the Wishes of the War Dead," "Down With Britain."

On July 17, the Japan Reform Party, meeting in convention in Tokyo, passed a resolution urging Britain to stop giving assistance to the regime of Chiang Kai-shek. The same day, anti-British rallies were held, according to *Domei*, in various parts of the country, including Kumamoto, Yorosuka, Hachioji, Ichikawa, Kofu, Hamamatsu, Koriyama, Kiryu, Nagano, Niigata, Akita, Nagoya, Yokkaichi, Akashi, Yamaguchi and Tokushima.

10,000 Posters Up

Tokyo, according to a *Domei* report on July 18, is now plastered with 10,000 posters reading: "Attack Britain, Japan's Chief Obstacle," and "Unmask Cunning British Diplomacy."

Last Saturday numerous anti-British meetings, organized by the Japanese and their puppets, were held in towns and villages in the vicinity of Shanghai. The meetings took place under the formal auspices of the Youth Corps, which has its head-

Anti-British Propaganda in Tsingtao

Press Union photo

"Down With Britain — Rebuild China!" reads this sign on the base of a clock which stands in front of the building of the Tsingtao Municipality.

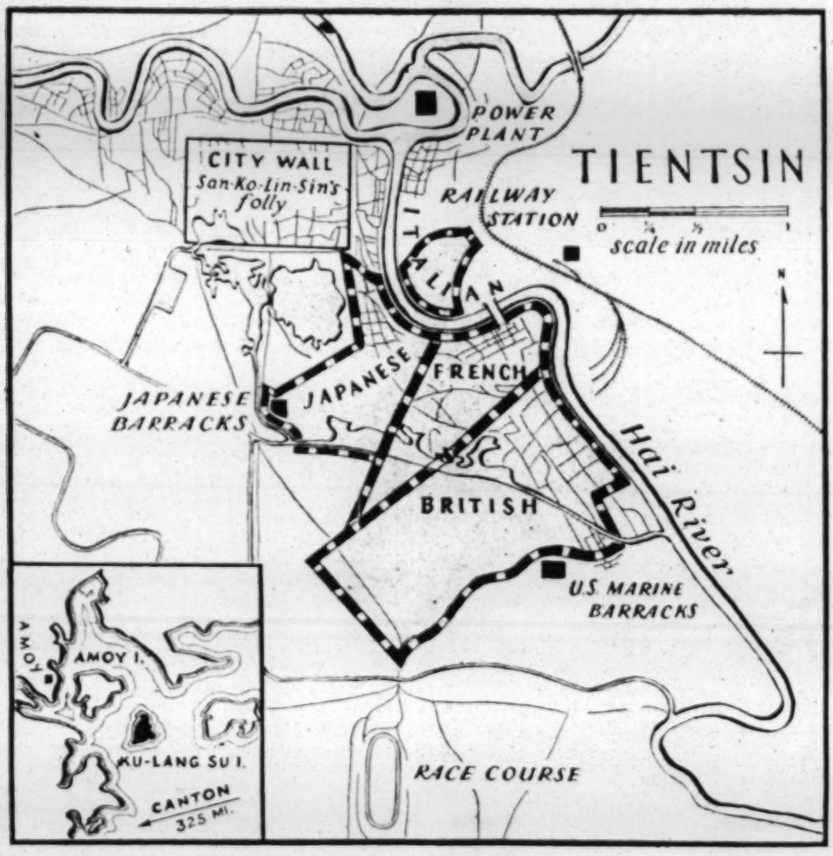
quarters in the Civic Center at Kingwan, seat of the Shanghai municipal administration headed by the puppet Mayor Fu Siao-en. This was according to the Japanese-owned newspaper *Sin Shun Pao*, which reported the following slogan heard at some of the meetings: "In order to establish permanent peace in the Far East British Imperialism and Communism must be done away with!" A long statement issued by the so-called Youth Corps described Britain as "an old and shrewd crook."

churches and hospitals and other institutions in Central China in the custody of the Reformed Government, provided that the property will be returned to their British owners when Britain changes her attitude.

5. The issuance of a recommendation to all Chinese wedded to Britons to separate from their mates.

6. The ousting of all British influence from China.

Blockaded



Newsweek

A body styled the Central China Anti-British Federation held an "emergency meeting" in Nanking on July 13, *Domei* reported, and advocated a series of vigorous anti-British measures, including the temporary custody of British property by the Reformed Government, in a 10-point resolution which embodied, inter alia, the following demands:

1. The denunciation of "illegally-acquired" British rights and interests and a return to China of British concessions.

2. The breaking off of economic relations with Britain and a cessation of all trading with Britons.

3. The issuance of a warning to all Chinese employed by British official and private institutions, including banks, hospitals, and schools, that unless they left their employ in one week they would be regarded as traitors. The warning would be issued by the Federation.

4. The placing of British

British Consulate Bombed

More violent manifestations of Japan's current Anglophobia were seen July 13 when two hand grenades were hurled into the compound of the British Consulate-General in Tsingtao. Material damage was not great, although several windows were shattered. No one was injured. *Domei* attributed to the local Japanese authorities the humorous belief that the culprits (who escaped) "might be anti-Japanese agitators trying to aggravate strained relations between Japan and Britain." Three days later, according to *Reuter*, the entire Chinese staff of the British Consulate-General resigned. Although their action was voluntary, it was believed that they had been intimidated, the agency said. It is also likely that they feared more bomb outrages.

An "angry mob of Chinese" estimated at 3,000 broke into the premises of Jardine, Matheson & Co. in Tsinan, Shantung capital, on July 17, and destroyed desks and other office equipment. They were stopped by Japanese military police from damaging other British properties, *Domei* reported.

Britons Leave Kaifeng

According to the same agency all British ntionals departed from Kaifeng, capital of Honan province, early this week following threats by Japanese-organized Chinese "demonstrators." After their departure, the Honan Anti-British Committee in Kaifeng decided to remove all British signboards and posters in the city and to request other provinces not to issue certificates to Britons desiring to visit Honan.

Domei reported from Tientsin July 19 that the Japanese military were studying a "new step" which they would adopt against the British Concession if the British Government should refuse to revise its policy of assisting Gen. Chiang Kai-shek. The nature of the "new step" was not, however, revealed.

Moscow Returns Nippon Protest on Sakhalin

A protest against alleged oppression of Japanese concession operators in northern Sakhalin, delivered in Moscow by Japanese Ambassador Shigenori Togo on July 16, was returned to him the following day by Assistant Foreign Commissar Lozovsky on the ground that it contained threats and was in the nature of an ultimatum, according to a *Tass* report from the Soviet capital. The Japanese protest, the second on the same subject within a week, was directed against heavy fines imposed by the Soviet authorities on Japanese concessionaires for alleged violations of labor contracts. A reply was demanded by not later than July 18.

Recapture of Chaochow Is Claimed by Chinese

Chaochow (Chaoan), strategic town located at the northern terminus of the Swatow-Chaochow Railway in Kwangtung province, was completely reoccupied by Chinese forces on July 17, according to Chinese reports. The city was taken by the Japanese late last month, shortly after the capture of Swatow, which fell to the invaders on June 21.

Recapture of the town, according to *Kuo Min*, was the culminating point of an attack launched by Chinese troops on the night of July 16. Chinese forces surrounded the city, which was defended by more than 2,000 Japanese soldiers and marines, and concentrated artillery fire on the Japanese positions.

Fierce street fighting occurred when the Chinese attackers penetrated the defences. Guerrillas, who had previously entered the city in disguise, set fire to Japanese military establishments and joined in the fighting with the regular Chinese troops, swaying the battle in favor of the attackers, reports said.

Large numbers of Japanese troops apparently succeeded in withdrawing from the city, but Chinese reports claimed that they left behind more than 1,000 dead.

Why Sell Japan War Material, Thus Helping to Ruin American Business?

Editor's Note:—The following is a letter circulated by Wirt W. Hallam of the American Association for China Famine and Flood Relief. In disclosing the extent to which sale of American materials to Japan is enabling the Island Empire to conduct its war of aggression in China, the letter raises several timely and pertinent questions—timely because of the new neutrality legislation now under consideration in Washington, pertinent because the problem they pose retains all its urgency.

In the past five years American manufacturers and producers (private citizens) have sold to Japan goods of all kinds, a total of $1,146,000,000, of which over half, or at least $600,000,000, was material used in war, although actual war equipment, such as airplanes, guns, and ammunition, was only $10,000,000.

There have been several results:

Whether you count the war material as $10,000,000 or $600,000,000, the sale of war material has made Japan a military power and enabled her during the past five years to take possession of Manchuria, North China, all the Chinese seaports, the Yangtsze Valley, and all the larger inland cities of China. Incidentally, Japan has practically taken possession of or destroyed all investments of United States citizens in China, which included about fifty million dollars worth of missionary schools, churches, colleges, and hospitals and all commercial investments estimated at 250 million dollars.

Loss of American Business

It has reduced Chinese buying of American goods by about one hundred million dollars per year ($137,000,000 in 1928; $38,000,000 in 1935) for the past five yers, and probably the future five, making a total annual ten-year business loss to other American citizens of 1,000 million dollars.

The sale of war equipment to Japan has made Japan so strong and dangerous to the United States that the United States has had to spend more than twelve hundred million dollars for Pacific Coast defense (our only dangerous enemy in the Pacific being Japan). This makes

Property Loss	$ 300,000,000
Trade Loss—10 years	1,000,000,000
Pacific Coast Defense (with more cost to come)	1,200,000,000
Total Loss and Costs	$2,500,000,000

This amounts to four times the six hundred million dollars we received for the war equipment American private citizens sold to Japan.

Is that "minding our own business?" It that "attending to our own affairs?"

How it Works Out

By the foregoing we see that the American citizens who sold American war equipment to Japan have enabled Japan to rob other American citizens of their property investment in China, of their annual business with China, and put an enormous added burden upon the United States homeland, a total of $2,500,000,000. *But this is not all.*

A fourth result of our supplying Japan with $600,000,000 worth of war material is perhaps the one that is of the greatest human importance of all. It is the *enormous amount of human suffering which it has caused.* While Japan (the treaty-breaking aggressor) has lost two, three or four hundred thousand men killed, wounded and sick, the Chinese (the victims of the treaty-breakers) have lost more than one million, killed and wounded, and nobody knows how many hundreds of thousands of old men, women and children have died of sickness, starvation, cold, or in burning cities, or by exploding bombs, falling buildings, or by the rape, murder and looting of drunken soldiers, drug peddlers, or other crimes or calamities, which have marked the advance of the Japanese army in China. American individuals have sent perhaps two million dollars in an effort to relieve some of the suffering caused by the six hundred million dollars that other American individuals have received for war equipment sold to Japan; but this is only a $2.00 donation for each $600.00 received. While the two million dollars of mercy-money is a glorious monument to the goodness of a few people, it is not enough to care for the damage and misery caused by the six hundred million dollars worth of war material. We wish the American Government could make some effort to send relief to the people now suffering from this terrible slaughter of war victims. Perhaps a loan of one hundred million, more or less, to the Chinese Red Cross or to the Chinese nation for relief work would help undo some of the calamity caused by the sale of war munitions to treaty-breaking Japan.

Strange Spots on Sun

Kladderadatsch, Berlin

Uncle Sam discovers strange spots on the sun.

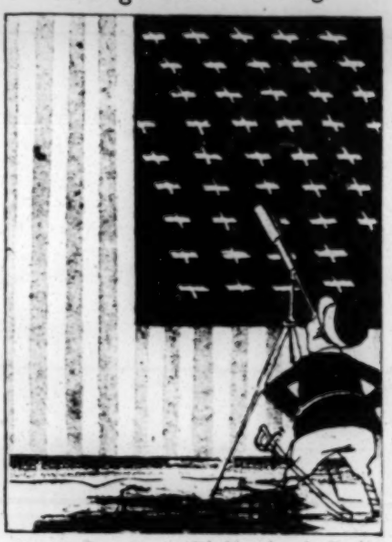
Way to End War

Perhaps treaties would soon become more than "scraps of paper" if the treaty-breaker could be denied war equipment and the victim supplied with equipment by other parties to such treaties or by the world in general. If treaty-breakers should find all the world against them, there would be less war, and if famine, flood and war victims could have mercy, help and kindness in their time of trouble, there would soon be no war or excuse for war.

For five years America has been destroying hundreds of millions of dollars worth of surplus cotton, wheat, meat, eggs, butter, and other necessities of life, while Germany, Italy and Japan have been starving themselves and going to war to get somebody else's land, in order to get the very things we have wanted to sell them at perhaps one-tenth of what their war machines have cost them, to say nothing of the human suffering their programs have brought upon their own people, and the even greater suffering they have brought upon China, Ethiopia, Middle Europe, and the rest of the world

There is still one more heavy loss coming to us as a result of the sale of war equipment to treaty-breaking Japan. That loss has not yet been serious, but will be felt in a large way, if Japan wins. As soon as the war is over and Japan's soldiers can leave the army, they will go into industrial life. If Japan builds for herself the empire she dreams of, or even one-third or one-fifth of it, she will be powerful enough to make demands on neighboring nations, including the U. S., that Japan has not dared to make in the past, and it will not be easy to keep Japanese goods out of the U.S. Consequently, what will happen when Japan can obtain raw material for next to nothing and factory workers at 25 cents per day of 12 or 14 hours, who will do the same work for which American labor gets $2 to $10 per day for eight hours?

Strange Stars on Flag



Kladderadatsch, Berlin

Japan discovers strange stars on the American flag.

We see by the papers that Japan is now buying heavy machinery and building factories in Manchuria, East China, and Japan proper. Some papers speak of it as a great accomplishment of American enterprise, but what is going to happen to American factories and American labor when Japan is equipped with our best, most modern machinery and her labor willing and happy to get for 25 cents to $1 per day for the same work that American labor has been getting $2 to $10 per day?

If China wins, China will rebuild herself and use her own resources for her own people to a large extent for many years to come. If Japan wins, Chinese coal miners will get 25 cents per day, Chinese farmers $50 per year, and raw materials of all kinds in similar proportions.

What is the Remedy?

Perhaps the first is to stop the shipment of war equipment to Japan. Second, have other Nine-Power Treaty signers do the same. Third, lend China money enough to enable her to take care of the sick, wounded and refugees. Fourth, stop the shipment of modern machinery to any country whose wage scale is dangerously below the American standard. Let them have our machinery only when they raise their standard of living to something near the "American Standard." These are not easy remedies, but they are important and they are possible.

War Weariness of Nippon Soldiers Reflected in Diaries and Letters

(China Information Committee)

DEAD men tell no tales—but what they leave behind does. Chinese mobile units operating in the triangular Shanghai-Nanking-Hangchow area have come into possession of numberless diaries and letters either found on the bodies of dead Japanese officers and soldiers or taken from war captives. Passages therefrom, when pieced together, provide an illuminating picture of the despondency gripping Japanese troops on the Eastern Front, or for that matter, on most other fronts in China. Fear for their own safety, worries over their families, the feeling of imminent doom, war weariness, and petty and often laughable superstitions, are candidly recorded in these notes and letters.

Second Lieutenant Ninomura worte to his wife Kishigawa Hidezo, but did not live long enough to mail the letter. Part of it reads: "The first replacement brought over 200 men to our battalion. But where are they now? The majority have been either killed or wounded in action. Only 33 are still alive. By the time the 2nd, 3rd and other replacements arrive, I am afraid none of the old soldiers will be left..."

A Miserable Business

From his garrison post in north Anhwei, Japanese officer Onowashi Sakuko wrote a letter to Teramoto Nobuhisa, his sweetheart back home. The letter fell into Chinese hands when its author was captured. The following passage is of interest: "Many of our troops were routed and fell back. War is a miserable business. We are safe when there are few enemy troops around us, but whenever our own units are reduced we are immediately in danger."

The precarious position of Japanese troops south of the Yangtsze in Kiangsu, Anhwei and Chekiang may be better understood when it is known that one Chinese mobile army alone has engaged in more than 300 battles with the Japanese. Nipponese losses were estimated at 5,000. Tidings of this constant process of nibbling away reaches the ears of the Japanese and their sense of insecurity deepens.

This April in south Kiangsu, for example, several hundred Japanese soldiers lost their lives between Kaozeng and Lishui on the Kiangsu-Anhwei border south of the Yangtsze. The corpses were brought back to these towns for cremation on April 11. The few Chinese still there were ordered not to leave their houses at all that day. They were forbidden even to peep through their windows to watch the big bonfire consuming the dead soldiers in the public square.

Want War to End

Japanese militarists may continue to urge their people to be prepared for a long-drawn-out war, but no hope is more cherished among the rank-and-file of their soldiers than that of "an early victory." But many of them have their own misgivings. As Seko Masaaki, a petty officer, wrote to his friend Ohne Sekizo, "you should know China is so boundless that no one can cover its entire extent. When will we return in triumph? No one knows. We wait patiently. What else can one do?"

"As for a victorious return—this time I shall probably be carried home in a wooden box. Even should I be spared in this war and return home alive, where am I going to find another such job as I was forced to relinquish when I was called to the colors?" This quotation is from Private Ninomoto Eimei's diary.

In his letter to his friend Kojima Seiji, Captain Shiomi Mitsuru said: "In my opinion, serious problems will arise if our reservists are kept in service for more than one year. Now that we have extended our operations over such a wide area, how are we going to conclude the war and reap its benefits?"

An incident happened in April at Tanyang along the Nanking-Shanghai Railway. One night Chinese political workers sneaked in and distributed a large quantity of anti-war handbills all written in the Japanese language. The following morning six Japanese soldiers hanged themselves. One of them was cut down before he was dead only to drown himself that night.

Downcast, many Nipponese soldiers have taken to gambling or drinking for relief. "Comfort stations," meaning army brothels, are so popular with the Japanese soldiers that late-comers often have to wait for their turn. As Sergeant Nakamura noted in his diary after having paid his visit one day, "this is the only good place around here. Once inside, you forget all about the cursed war."

Blind Obedience

Most of the Japanese soldiers do not understand what they are fighting for. Listen to Akikama Suematsu, a Japanese private, who in his letter to a friend, said: "I still do not understand what it is all about. The only thing I know is that I must obey orders and not ask questions." In a similar vein wrote Nakajo Toraichu: "We are often harassed by Chinese guerrillas. Whenever we arrive at a new place, we feel that our life has been automatically shortened."

On the body of one Yoshiaki Sugimura, a junior officer, was found a letter from his wife, Kiriko Sugimura, part of which read: "In your letter you said that you would soon set out on another expeditionary campaign. Have no fear that anything will happen to you. I wish you had not said such pathetic things. In this wide world I have only you. You may be wounded but I cannot let you die. By my wish alone, you will return home safely. You were not very religious when at home, but God must be protecting you. For so far you have suffered not the slightest injury. You must pray every day."

Distribution of Japan's Continental Army

New York Times

66 Japanese Planes Claimed Destroyed

During the first five months of 1939, 66 planes of the Japanese air force were shot down and destroyed and 96 Japanese pilots were killed or captured, according to a report of the Chinese Air Force Headquarters. The figures do not include those planes that met accidental damage while in service.

The report added that of the 66 enemy planes shot down in the period under review, 29 were heavy bombers, five light bombers, two scouting planes, two pursuits, two sea planes and 26 unclassified planes

Twenty-four were brought down and five damaged during dog-fights; 21 were brought down by anti-aircraft guns; 10 were destroyed by the Chinese Army; three made forced landings. Those which were hit but landed in undetermined places numbered three.

Within this period, the number of Japanese pilots known to have been killed was 91, while five were captured alive and are now receiving kind treatment in prisoners' camps.

February took the heaviest toll of the Japanese air force, the number of planes and pilots that met ill-fate in that month being 22 and 25, respectively.

It may be recalled that Japanese Headquarters last January issued a statement admitting that from the outbreak of the "China Incident" to December, 1938, 710 Army and Navy planes were lost and 300 others damaged beyond repair, a total of 1,010 planes. Of the total, the statement added, 647 planes were shot down and damaged by the Chinese and 363 others were lost while in service. In the first 18 months of the war, therefore, the Japanese plane losses averaged more than 56 per month.—*China Information Committee.*

Big Japanese Drive On in Shansi Area

Severe fighting between Chinese and Japanese forces in central and southeastern Shansi following the launching of a big Japanese drive, has been proceeding for more than a week, according to numerous press dispatches. *United Press* reported from Chungking on July 14 that five Japanese columns were pushing southeastward through the province and according to Chinese admissions had captured Hohawen, Liaohsien and Tsinhsien. Heavy fighting was said to be proceeding.

Two days later, the same agency quoted Chinese military reports to the effect that nine Japanese columns were engaged in the drive. These reports claimed the Chinese had recaptured Liaohsien, which the Japanese had taken in their advance from the Chengtai (Chengting-Taiyuan) Railway. They also said the Japanese strategy was to encircle the Chinese forces in central Shansi.

A *Domei* report on July 17 said Japanese troops captured Yangcheng in southern Shansi the previous night after a furious fight with 5,000 Chinese soldiers under Gen. Wei Li-huang.

Chinese military reports were quoted as saying that serious fighting is proceeding on three sectors of front in Shansi province. Scene of the greatest military efforts was said to be Tungyangkwan pass on the Shansi-Honan border, 70 kilometers west of the Lingshan line. On July 15, Chinese forces still claimed to be holding the pass.

Kuo Min on July 16 reported sanguinary fighting in the Taihangshan sector, stretching from southeastern Shansi to northwestern Honan. Chinese and Japanese troops, the agency said, are locked in bitter combat extending along a line from the south of Liaohsien and Tsinhsien, northwest of Chinyuan, southeast of Antse, east of Tsinshui, in southeastern Shansi, to the vicinity of Lanchuchen on the Shansi-Honan border.

The Chinese press here reported on July 13 that Japanese troop reinforcements were pouring into Shansi, stating that most of them appeared to be new recruits around 15 and 50 years of age, thus indicating that Japan is facing a serious shortage of men of normal military age.

Reich Said Offering Moscow Huge Credits

While negotiations conducted in Moscow by British and French representatives have still failed to produce the result desired in London and Paris, namely, a tripartite alliance embracing Britain, France and Soviet Russia, rumors of a German-Soviet rapprochement have revived on the basis of reports out of Paris and Berlin.

The French organ *Le Figaro*, according to a *Reuter* dispatch on July 13, reported through its Berlin correspondent confirmation of earlier statements to the effect

Unmusical

De Groene Amsterdammer

that Germany is sending a trade delegation to Russia. The delegation, representing German heavy industry, was to depart for Moscow within two weeks, the correspondent said, adding that according to commercial circles in Berlin Germany is offering Russia trade credits amounting to £75,000,000 over a period of two years.

A *United Press* dispatch from Berlin the same day said that important conferences with both Soviet Russia and Spain were planned by the Reich government for the near future. It was expected, the agency said, that Dr. Helmuth Wohltat, German economic expert, would go to Moscow to conclude a U. S. $600,000,000 credit arrangement by which Germany will purchase Russian oil, ores and timber.

Chungking Relief Body Disburses S'hai Funds

The West China Co-ordinating Committee, in charge of disbursing funds supplied through the American Advisory Committee in Shanghai, announced July 13 that it had disbursed $47,000 in a group of five grants. This was according to a *United Press* dispatch from Chungking.

The grants were: $14,000 for the establishment and maintenance of a cholera isolation hospital, $25,000 to the Chinese Industrial Co-operatives to provide accommodations for war refugees from the Yellow River flood region, $2,000 to the New Life Movement Headquarters to erect a cooperative village near Chungking for refugees, $1,000 to the Y.M.C.A. to construct refugee shelters and $5,000 to the Szechwan Provincial Health Administration for medical supplies.

Although small grants to Chungking mission hospitals and for Chengtu air raid precautions have been made, this was the largest group of grants made by this committee since its establishment following the fall of Hankow, it was announced.

A report from Chungking appearing in the *Shun Pao* on July 12 said that a China Relief Association had been formed in the United States to raise funds for the relief of war sufferers in China and that the committee, which has the support of President Roosevelt, was starting a campaign to raise a fund of U. S. $5,000,000.

Japan Tightens the Coastal Blockade

Mr. Goro Uchida, Japanese Consul-General at Amoy, on July 14 gave the British, American, French, Netherlands and Norwegian Consuls notification of the closing of Chuanchow, Tungshan and Chaoan, ports in southern Fukien. The notices were similar to those sent representatives of foreign powers by Japanese naval authorities in Shanghai on July 12.

The Japanese naval authorities on July 15 were understood to have warned third power authorities that military operations against Swabue, Kwangtung coastal city northeast of the once pirate-infested Bias Bay, would commence at 8 a.m. on July 18 and that the eastern part of Hinhwa (Shinghwa) Channel, a Fukien waterway leading to the walled city of the same name, would be blockaded the following morning.

Third power nationals and ships, including war vessels, were requested to evacuate these marked coastal ports. The Japanese navy will not assume responsibility for losses sustained directly or indirectly after the prescribed time-limit, the third power authorities are understood to have been told. The latter, in turn are continuing to hold the Japanese responsible.

Measures for the closure of various south China harbors by the Japanese Navy will react upon the Kulangsu question, Vice-Admiral Nobutake Kondo, commander-in-chief of the Japanese naval forces in south China predicted at Amoy this week, according to *Domei*. The altered situation, arising from the blockading of various ports, he said, was likely to bring about a change in the attitude of the officials of the Kulangsu Municipal Council, the administrative body of the Amoy International Settlement. Negotiations for increased Japanese participation in the affairs of the Council between Mr. Goro Uchida, Japanese Consul-General, and the Council, are now deadlocked.

Thousands Attend Rites for M. Luganets-Orelsky

The funeral of M. Ivan Luganets-Orelsky Soviet Ambassador to China, and his wife, who died July 8 in an automobile accident in the Soviet Union (and not near Chungking as incorrectly stated in last week's issue of *The Review*), took place at Tbilissi, in the Georgian Republic, on July 14, according to *Fleetnews*. Thousands of people attended the funeral, the report said. The Soviet envoy was recently recalled from Chungking and met his death on the mountain highway between Kutaissi and Chaltubo, in Georgia, when the car in which he, his wife and a chauffeur were travelling smashed through a barrier and dropped down a 30-foot cliff after the steering gear had broken. All three were killed.

Another automobile accident involving Soviet diplomats occurred July 16, according to a *Havas* message from Paris. The mishap occurred near Pontoise, about 30 miles from Paris, casuing injury to three members of the staff of the Soviet embassy in Paris, among them M. Karpoff, who was reported in a critical condition.

China Will Not 'Go Red' But Emerge From the War as a Democratic State

BY MADAME SUN YAT-SEN

Editor's Note:—The following is the text of a message addressed to "Friends in America" on the second anniversary of the outbreak of Sino-Japanese hostilities, by the widow of the founder of the Chinese Republic.

IN response to questions put to me by many American friends, I wish, on this second anniversary of China's national war of resistance, to convey to them, and to friends of democracy throughout the world, some ideas regarding the aims of our present struggle.

As almost everyone knows, China was not prepared for the terrorist invasion launched against her by Japanese imperialism. Her present degree of popular organization and national solidarity developed only with the unfolding of successive stages of the war. After the outbreak of hostilities, the heroic sacrifices of the Chinese people, and especially of the armed defenders of the nation, held the powerful modern war machine of Japan for almost five months in the coastal regions, preventing any major advance inland.

The Course of Events

Following loss of Peiping, Tientsin Tsingtao, Shanghai and Nanking, our army was still able to rally its forces, preventing for another five months the junction of the Japanese troops advancing from North and South. It was during this period that we won the battle of Taierhchwang.

During the half-year that followed, in spite of the fact that the struggle had spread to many far-flung fronts, major Chinese concentrations were able, in the Yangtsze valley, to engage the main forces of the invaders, far superior to them in armament, on land and water and in the air. The fall of Canton occurred towards the end of this period, followed by the withdrawal from Hankow. Both Canton and Hankow were lost largely because they were directly and readily accessible to the Japanese navy, whose operations were facilitated by the fact that China was entirely without naval defense.

Little Advance Made

During the roughly nine months which have elapsed between November and the present time, the Japanese have not made any substantial advance on any front, although at the end of March Nanchang fell into their hands. But even in this region, Chinese counter-attacks have succeeded in bottling up the enemy. A series of significant victories broke the Japanese offensive northwest of Hankow. More recently our army achieved new triumphs in southern and western Shansi. A fact to be noted is that whereas at the beginning of the war the Chinese casualties in positional warfare were several times greater than those of the Japanese, recent battles have reduced the ratio to one to one. This, combined with many other indications, points to the conclusion that the fighting quality of the Japanese army is deteriorating, while that of the Chinese troops is improving.

Nobody, perhaps, is more painfully aware than the Japanese Government itself of the weakening of the military powers of its forces. Disillusioned in their hope of wiping out the Chinese army, which is no longer a mercenary force but is fast becoming an army of free citizens, the Japanese imperialists are now trying to subdue our country by means of a political stab in the back. Having failed to crush our fighters, they are trying to destroy our national united front by intrigues with traitors like Wang Ching-wei.

Their previous attempts to weaken our determination with slogans for "peace negotiations," which were equivalent to surrender, having proved completely fruitless, the Japanese imperialists and their henchmen are now trying to use vicious anti-Communist slogans to disrupt our unity. They are even presenting Wang Ching-wei as the real leader of the Kuomintang. These lies will deceive no one. Wang Ching-wei was expelled from the party in January and his arrest was ordered in June. With

Mad Dance of Democracy-Dictatorship

Le Rire, Paris

They scowl at each other, but they all dance around a common object.

the elimination of this traitor, and of the band of scoundrels that followed him, the Kuomintang and the Communist party of China are able to cooperate much more closely with each other and with all anti-Japanese forces in the country. Even the provincial militarists, whom the enemy has so often tried to seduce from their allegiance to the National Government, joined in the demand for the arrest of Wang Ching-wei. This shows that the endeavor of the Japanese imperialists to destroy us politically is as much of an illusion as was their previous hope of crushing us by a swift military blow.

When the War is Over

Many of our foreign friends are asking: "After the war, what?" How is China changing during the war? Will she return to her former semi-feudalist pattern? Or will she, in some mysterious fashion, "go Red?"

Neither is true. The Kuomintang and the Communist Party of China have from the very beginning of their first period of collaboration, some sixteen years ago, recognzied as a common national program the San Min Chu I or Three People's Principles of Dr. Sun Yat-sen. Their adherence to this program was reaffirmed when the two parties once more entered into close cooperation at the commencement of the present war of resistance.

The leaders of the two parties are determined that the national united front shall continue, and that both during and after the war this common national program shall be carried out. They will remain united in the supreme common effort to achieve national reconstruction after the struggle is ended. The goal of this cooperation, now and in the future, is to build up a San Min Chu I Republic, an independent modern nation governed on democratic principles in the interests of the livelihood of the people.

What will be the distinguishing features of this Republic? Dr. Sun Yat-sen advocated that the Chinese Republic be based on direct rule by the people through their elected representatives. The *hsien* or district must be the basic unit of self-government as well as the constituency for electing deputies to the National Assembly. This system can grow only on a foundation of the fullest and most widespread extension of democratic rights.

The National Assembly shall be the supreme authority from which the Central Government will receive its mandate and to which it will be responsible. There will be a thorough reform of the present system of provinces, completely abolishing the traditional separatism of the provincial troops. The new provinces which will be created will be much smaller in area and more convenient for purposes of efficient administration.

The organization of the army will be based solely on the requirements of national defense. It will also be necessary to equip the nation to carry out its international obligations, notably those connected with the maintenance of collective security. A full-fledged citizen army will be developed, and conscription for it will be based on democratic principles. Ex-soldiers will be given work in connection with a well-planned program of national reconstruction.

Unity Said Essential

The united front of national resistance, the cooperation between the Kuomintang and Communist parties, the unification of all the armies under the Generalissimo and his simultaneous leadership of the Government, all represent an important step forward in the process of centralization which, with the accompanying growth of democracy, is a prime essential of our national revolution. It would be wrong to view these things simply as "war-time measures." The tendency they represent has been accelerated by the war. But it is in itself part of a necessary historical process which will continue after the victory.

The fact that the most vigorous progress along all these lines is witnessed precisely

at the present moment proves that the progress of our national revolution is impossible without the united front of the entire Chinese people, the collaboration of our two chief parties, the combination of our armed forces with the popular anti-Japanese movement and determined resistance to Japanese aggression. These conditions, evolved from the present struggle, have been responsible for our success thus far. Further progress in national unification and democratic reforms will strengthen the foundation already laid down for the people's China of the future.

Land Problem Paramount

Dr. Sun Yat-sen's first two principles dealt with the achievement of national independence and the introduction of democracy. The third, the Principle of the People's Livelihood, dealt with the improvement of the living conditions of the Chinese people. In this agrarian country of ours, the land problem is, of course, of paramount importance. Dr. Sun Yat-sen believed that the land should belong to those who till it.

For the period of industrial growth which would follow political unification, Dr. Sun laid down the policy of state control of natural resources, railways and public utilities. He also advocated the regulation of private enterprises. They were not, however, to be repressed but, on the contrary, to be encouraged to work along lines serving needs of national economic reconstruction.

Although progress in this direction is still inadequate, we see today, in the course of our war of resistance, the beginnings of the realization of Dr. Sun Yat-sen's economic ideals. Rents and taxes have in many places been reduced. Waste land has been put to tillage. Our wartime reconstruction is taking place under state auspices, and, through organizations like the industrial cooperatives, is in some cases organized along democratic lines. After the war, we look forward to a type of economic development in which all groups of the population will have a share.

A San Min Chu I China will provide ample scope for the investment of foreign capital. China welcomes foreign trade with, and investments by, all countries wishing to assist in her reconstruction. Dr. Sun Yat-sen declared repeatedly, throughout the years of his leadership of the Kuomintang, that we should strive in every way to promote economic relations with foreign nations willing to deal with us on a basis of equality, non-aggression, and sympathy for our desire to bring China into her proper place as a member of the family of nations.

It should be clearly understood by those who, through malice or ignorance, paint the national united front of the Chinese people a bright red, that it is precisely because this united front represents a real common effort of all parties, classes and nationalities for the common aim of emancipation that the Three People's Principles, which were first propounded as a program for such united action, form an actual basis of its policy. The Three People's Principles represent a program for the national democratic revolution. Within this program, the institution of private property will not be attacked or abolished. There is only one type of property that we will seize—the property of enemies and traitors.

Hits Conservatives

I cannot but admit frankly, my friends, that serious shortcomings have been handicapping the development of our national united front. The chief responsibility for these osbtacles lies with a small number of conservatives among us who, on various pretexts but actually because they still do not understand the three great policies of Dr. Sun Yat-sen, have openly or secretly been reluctant to extend and consolidate our national unity.

In the execution of the Program of Armed Resistance and National Reconstruction, adopted by the Extraordinary Plenary Session of the Kuomintang in March, 1938 the deeds of these people have not agreed with their words. Democracy, which should have increased as the war progressed, has been checked in its expansion. In some places and to some extent the democratic liberties which have been won by the people have again been reduced. Such practices, if continued, will adversely affect the mobilization of our people for participation in the national struggle and make it difficult to suppress the ideology of the Wang Ching-wei group which leads to humiliation and surrender.

Anniversary Stamp

Honoring the 150th anniversary of American independence, the Chinese Government at Chungking issued this special postage stamp in four denominations on July 4. They are to be on sale until March 31, 1940.

In the face of this crisis, I believe that all comrades faithful to the ideals of Dr. Sun Yat-sen must exert the maximum of effort to eliminate these shortcomings which threaten the certainty of our victory in the struggle for national emancipation.

Weakening Factors

Betrayal of the united front and attempts to impose restrictive limits on the development of democracy represent a threat not only to our war against aggression, but also to the protection of foreign interests in China. Inefficiency in political improvement and internal consolidation will certainly weaken our power of resistance and internal consolidation and encourage fantastic ideas of "peace" and the cessation of hostilities, tending to lead to the final defeat of our country. We know that such a defeat would make it easy for Japan to wipe out the last vestiges of the interests of the democratic nations in Eastern Asia.

I would ask you to pay close attention to those Tories in the democratic countries who favor a quick termination of the war in the Far East because they are afraid that China will "go Red". The ideas and activities of these gentlemen are not only harmful to our war of national emancipation but show a particularly muddle-headed approach to the problem of the defence of foreign interests in China, leading only to the sacrifice of these interests to Japan. Is it not for the benefit of those who have fallen prey to these delusions that the Japanese are using Wang Ching-wei to work openly "for peace and against Communism," while their real aim is to extinguish both China's independence and the stake of the Democracies in the Eastern Pacific?

Japan has imposed a blockade on the China coast, put preasure on the International Settlement in Shanghai and the Concessions in Tientsin, promoted an anti-British movement everywhere in the occupied territories, and loudly announced her intention of forcing all foreign interests out of the country. Is not this clear enough?

International intervention to impose "peace" at this moment would only help to fan the ambition of the aggressors. It would be an unwise step for the democracies to take because it would destroy their own defenses in the Far East.

War for Democracy

China's war of national resistance is being fought in the interests of the defense of democracy throughout the world. It is, in a very real sense, an important sector of the world-wide struggle between the democratic nations, on the one hand, and the enemies of democracy on the other.

This is no idealistic slogan. The practical minds in the democratic governments know this only too well. It is realized in America, most of all, perhaps, in the War and Navy Departments in Washington.

The defeat of the Japanese in China will mean security for democracy in the Western Hemisphere, the menace to which is now so clearly realized that the United States specifically undertook responsibility for its defense at the recent conference at Lima.

I, for one, firmly believe in the solidarity of world democracy. You, our friends in America, should press for the expression in your country's policy of the spirit of this ideal. It is an ideal which is one with your own tradition of democracy and internationalism, the tradition of Jefferson and Thomas Paine.

A Symbolic Date

The anniversary of the outbreak of our war of resistance falls on July 7. It is symbolic that this day falls between the Fourth of July and July 14. This is particularly appropriate. Our national revolution, spurred to new progress by the fight against aggression which began at Marco Polo Bridge on July 7, 1937, combines the elements of the American Revolution which delivered the United States from their colonial bondage and the French Revolution which did away with the *ancien regime*.

Unless and until the Chinese people, one fifth of humanity, win complete national independence and democratic freedom, the enormous productive forces of our country will not be liberated for the benefit of the entire world.

That is why the Chinese national revolution which is now going on is a necessary and inevitable stage in the progress of all mankind.

Hongkong, July 7, 1939

Chinese Banks Refuse North China Banknotes

In another effort to check the speculative buying of foreign exchange on the Shanghai market, local Chinese banks this week took parallel but unofficial action in refusing to accept bank notes bearing the names of Tientsin and other North China cities.

Local Chinese bank officials denied that any regulation banning the acceptance of North China *fapi* notes has been issued. They admitted, however, that the banks here, deeming that such action is advisable, have unofficially decided to refuse the acceptance of the Tientsin and other North China city notes.

During the past few weeks, Chinese reports revealed, a large number of speculators have bought heavily on the local foreign exchange markets with North China notes. The foreign currency they thus obtained was sold at a large profit in North China. This heavy buying here, it was stated, is generally regarded as detrimental to the financial and currency situation here.

Soviet Planes Bomb Railway Towns in Manchukuo

CARRYING the undeclared Soviet-Japanese war into Manchukuo territory following the recent expulsion of Soviet and Outer Mongol troops from the territory east of the Khalka River in the Lake Buir region, Soviet and Outer Mongol planes this week staged air raids on two towns in Manchukuo territory, according to *Domei* dispatches.

Fularki, a railway town 185 miles from the nearest border point, was raided during the dark morning hours of July 16. Eight bombs were dropped, wounding seven civilians (Russian and Chinese) and destroying two homes. Officials in Hsinking charged that the attack was indiscriminate and deliberately aimed at civilians in order to create panic among the population.

In a protest broadcasted by radio to Ulan Bator (there are no diplomatic relations between Manchukuo and Outer Mongolia) the Manchukuo Government threatened retaliatory action "should these unlawful activities continue."

During the afternoon of July 16, while Manchukuo was making this protest, eight Soviet-built Outer Mongol planes raided Halunarshan Station, western railhead of a line extending from Hsinking, 125 miles due south of Hailar, *Domei* reported. It was the second Red air raid within 15 hours. Four Chinese were wounded by bombs and three railway carriages in the yard of the station were damaged.

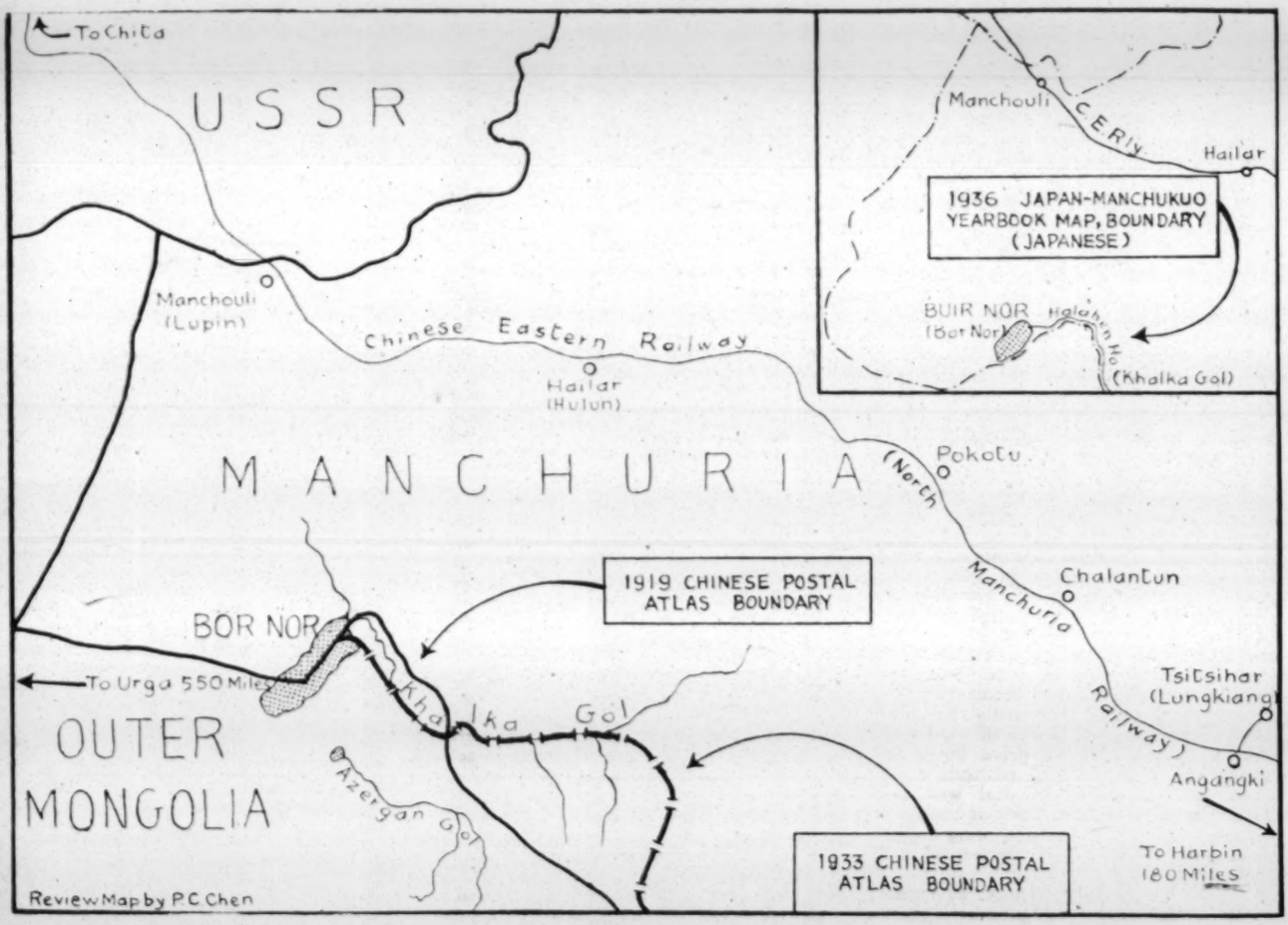
A War Office spokesman in Tokyo described the two raids as an attempt to "whitewash" Soviet losses in the Nomonhan region in recent weeks and to regain the confidence of the Outer Mongolians. The spokesman said he did not believe the Soviets were contemplating a large-scale conflict, judging from the internal situation in Russia.

From Hsinking came a *Domei* report stating that air-raid precautions were being taken throughout Manchukuo following on the two Soviet air raids on Manchukuo territory.

Meanwhile, the same agency reported from Hailar on July 17 that two more clashes between Japanese and Soviet-Outer Mongol forces had taken place near the western border of Manchukuo in the Khalka River region on July 14. A Japanese detachment patrolling the border near a ford over the Khalka River came upon some 400 Outer Mongol and Soviet soldiers who had "invaded Manchukuo territory." The Japanese launched an attack and put the invaders to rout, the agency said. Later in the day they "almost annihilated" about 100 Outer Mongol and Soviet "stragglers" on Balshagar Height, destroying one tank and capturing 11 heavy machine-guns, 60 rifles and two trench mortars.

Conflicting reports have been appearing with regard to the fighting trim and morale of the Outer Mongol and Soviet troops and air forces as displayed in the recent border fighting. John R. Morris, Far Eastern manager of *United Press*, who returned to Shanghai this week from a tour of the scene of recent conflicts, said he and other foreign correspondents had seen no concrete evidence to substantiate Japanese claims of extravagant aerial victories in which the destruction of more than 500 Outer Mongol and Soviet planes had been claimed. Two machine-guns, tips of warplane wings on which the Red Army star was clearly perceptible and other parts of wrecked planes were displayed to the newsmen, "but all this may have been gathered from

Different Maps Tell Different Stories of Border Rights



The Japanese claim that the Khalka River is the proper boundary between Manchukuo and Outer Mongolia in the region of the recent frontier fighting. Moscow disputes this claim and referred on July 14 with an air of triumph to Map No. 43 contained in the Chinese Postal Atlas published in Peiping in 1919, which, reproduced in part above, shows that segment of the Khalka River in Outer Mongol territory. But maps have a way of changing. The 1933 Chinese Postal Atlas, also as shown above, places the same segment of river in Manchurian territory. Moscow failed to mention the 1933 map. The 1936 map of the Japan-Manchukuo Year Book, shown in the inset, places the entire Khalka River in Manchukuo territory. Meanwhile, Japanese troops have driven Outer Mongol-Soviet troops across the river and are strongly holding the disputed terrain, thus reversing the outcome of the famous Changkufeng incident of last year, when Soviet forces were victorious.

the wreckage of two planes," Mr. Morris said.

He went on to say that Japanese armed forces in Manchukuo heavily outnumbered Soviet troops on the border, his estimate being that there were between 25,000 and 30,000 Japanese troops between the front and Hailar, including those entrenched in front lines and others billeted at Hailar. As regards the Soviet forces, he pointed out that the Japanese themselves had at no time given their strength as more than 5,000.

Nippon Air Superiority

While at the front, Mr. Morris said he saw clear evidence of Japanese superiority in the air, although there was nothing to substantiate the Japanese claims of spectacular aerial victories.

The Soviet force which had ventured across the Khalka River into Manchukuo territory, he also said, had clearly been repulsed. It took the Japnese nine days to drive the Soviet troops back across the river, but there was no doubt in his mind that they had actually succeeded in this operation. Scars of war on the rolling terrain indicated that fighting had been fierce and casualties must have been heavy on both sides.

While at Hailar on July 13, Mr. Morris said he saw a train of 10 coaches in which both upper and lower berths were packed with Japanese wounded. This was not the only train that left Hailar with wounded men. In addition, hundreds of urns containing the ashes of Japanese soldiers killed in action were still in Hailar as he passed through.

Tass, the Soviet agency, said that some 2,000 Japanese and Manchukuo troops were killed and about 3,500 wounded in the recent border fighting, while Soviet-Mongolian forces lost 293 men killed and 653 wounded. Japanese reports that the Soviet air force had dropped "bacterial" bombs on Manchukuo territory were described as "impudent lies and infamous calumny."

Japanese Praise for Reds

Captain Hiroki Nohara, who returned to Tokyo from the border front, was quoted by *United Press* on July 14 as paying high tribute to the fighting strength of the Soviet forces engaging Japanese troops in the Nomonhan sector. "The Soviet forces," he said, "have terrific gunfire strength. Their guns are excellent and they have an enormous supply of tanks. Their infantry charges are formidable. Usually these charges are accompanied by 50 or 60 tanks that come likes waves during stormy weather. No sooner is one wave of tanks smashed by our anti-tank guns than another wave appears to beat down on us. Japanese anti-tank fire has been most efficient, one out of every three shots destroying a Soviet tank. Practically none of the occupants of the crippled tanks escape alive. Most of them are cremated within the iron walls of their tanks.

"Our infantry also has destroyed many Soviet tanks by throwing gasolire over the heated metal tanks, causing them to burst into flames. I wondered why the Army on the front wanted so many hundreds of empty soda and beer bottles, but I found they use them to carry gasoline in attacking the Soviet tanks. The Soviet bombers are inefficient, but their gunners are expert at strafing ground troops."

Egypt Said Ready to Recognize the Soviet

Influential political circles in Cairo were reported by *Transocean* on July 16 as declaring that the Egyptian government has decided to extend diplomatic recognition to the Soviet Russian Government. The report said that when recognition had been granted, trade negotiations would be opened between the two countries.

Non-Yen Bloc Trade Found Unfavorable

Japanese trade with countries outside of the yen bloc, now popularly referred to as "pure" commerce, during the first six months of this year was more unfavorable than during the corresponding period of 1938, the Ministry of Finance in Tokyo revealed July 14 according to *Domei*.

Against exports of Yen 729,000,000 to countries outside of the yen bloc, Japan imported Yen 1,122,000,000 worth of goods from those countries, the unfavorable balance being Yen 393,000,000. This figure is about Yen 41,000,000 larger than that for the corresponding six months of 1938.

In spite of strict import restrictions, Japan bought abroad Yen 41,000,000 more the first half of this year than during the first six months of last year. Exports, however, also rose by Yen 37,000,000 as a result of heavy foreign purchases of cotton textiles and raw silk yarn and, especially, miscellaneous goods. The gains in exports is particularly noteworthy as prices on the world market are generally lower this year than last, experts declared.

Japan's total foreign trade, including that with the yen bloc countries, however, ended in a favorable balance of about Yen 40,000,000 on June 30 against an unfavorable balance of Yen 195,000,000 for the same period last year, indicating the growing share being taken by yen-bloc foreign commerce in Japanese total overseas trade.

Japan's favorable trade balance with yen bloc countries in the first six months of 1938 was Yen 196,000,000. For the first half of this year it stood at Yen 370,000,000, almost twice as large.

Imports from yen-bloc countries also increased from Yen 312,000,000 purchased from Manchukuo, the Kwantung Leased Territory, and China in the first half of 1938 to Yen 355,000,000 purchased from the same areas in the first half of 1939.

Exports to yen-bloc countries also increased by almost 50 per cent as compared with last year, rising from Yen 508,000,000 in the January-June period of 1938 to Yen 725,000,000 during the corresponding six months of this year.

U.S. Authorities Fear For Holland's Safety

Fears for the safety and well-being of the Rev. L. W. Holland, American missionary of the Methodist Episcopal Church in Nanchang, were increased this week when American consular authorities in Hankow announced that they had not received any reply to a letter sent to the missionary last month through the Japanese army, *United Press* reported.

American consular authorities late last month grew concerned when they failed to obtain any definite information from the American missionary following an alleged incident with the Japanese military authorities at Nanchang. Initial information that something was amiss at Nanchang was revealed in a report by a Japanese news agency which said that the home of Mr. Holland had been searched on June 14 and alleged that anti-Japanese leaflets of the type dropped by Chinese planes behind Japanese lines were found. The report also alleged that the American missionary had helped Chinese guerrillas, and ended with a mysterious reference to the missionary being in hospital.

Inquiries by American consular authorities resulted in the Japanese authorities in Hankow assuring the Americans that the American missionary had not been arrested. They were vague, however, in their information as to the exact action taken by the Japanese authorities in Nanchang with respect to the American missionary. They accepted a letter from the American Consulate for transmission to Mr. Holland through the Japanese army late last month, but no reply has been received yet.

GRAVE ACTS CHARGED

A "United Press" dispatch from Hankow on July 19, quoted "unimpeachable sources" to the effect that the Rev. W. L. Holland is under detention on suspicion of "grave acts" against the Japanese Army.

Another reason for fears that serious complications might have developed at Nanchang was seen in the fact that nothing has been heard from three American women attached to the Nanchang General Hospital since the alleged search of Mr. Holland's home.

200 Are Saved From Burning Nippon Ship

Leaving their ship to become a blazing derelict on the high seas, 200 passengers and sailors of the Japanese liner *Bokuyo Maru* took to the boats July 18 and were picked up a few hours later by an American tanker, the *Tidewater Associated*, according to a message from the Choshi wireless station in the Hokkaido, *Domei* reported. One member of the crew died. The vessel was a total loss. The American steamer, operated by the Tidewater Associated Transport Corporation of New York, picked up an SOS from the Japanese liner while en route to Manila.

At the time the SOS was heard the *Tidewater Associated* was not far from the spot where the *Bokuyo Maru* was in distress with a fire raging in one of her holds. Altering her course, the American ship dashed to the rescue. The scene of the disaster was slightly north of a half-way point on a line connecting Yokohama and Honolulu. Cause of the fire was believed to have been spontaneous combustion in copper ores.

Japanese Reopen China's Longest Railway Bridge

The longest iron bridge in Central China, the Peking-Hankow Railway span over the Hwai River at Changtaikwan, six kilometers north of Sinyang in southern Honan, was reopened for traffic July 18, *Domei* reported. The 450-meter bridge was destroyed by retreating Chinese troops at the time of Japanese operations in the Wuhan region. Repair work was started on May 15 by a Japanese engineering unit under Lieut. Taira Kobashi. Eight thousand Japanese troops and 30,000 Chinese coolies were employed on the project for 60 days. The same engineer corps has repaired 150 bridges.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

July 1

During June, 287 engagements were fought between the Chinese and Japanese forces on all fronts, according to a military communique issued at Chungking. In these engagements, the communique stated, the Japanese suffered 20,567 casualties, including a brigade commander.

Chinese troops reported pushing toward Canton along Canton-Hankow Railway. Plain-clothesmen nearing the suburbs of Canton.

Scattered bands of Chinese guerillas attacking the Japanese in the suburbs of Tientsin; several police stations raided, causing death to a number of puppet Chinese police officers.

A barter agreement reported to have been concluded between the German interests in China and the Chinese National Government, whereby German Condor planes and arms will be exchanged for Chinese wolfrem and other mineral ores. An American agency said to have also arranged to supply China with HK$4,000,000 worth of Belgian Madison cannon and American Curtiss Wright planes.

New regulations tightening up the blockade of the British and French Concessions in Tientsin put into effect by the Japanese authorities. Traffic hours reduced and certain roads completely closed to traffic.

*
**

July 2

Stirpping of British nationals in Tientsin passing the Japanese barriers resumed by Japanese sentries. A British youth slapped with his passport after being ordered to take off his clothes.

Big successes claimed by Chinese guerillas in southern Hopei and northern Honan during the past week. Twenty-five thousand Chinese and Japanese troops said involved in the engagements along Peiping-Hankow Railway. Two Japanese troop trains wrecked, one 20 miles from Peiping and the other at Weihui in northern Honan, according to foreign travellers. Wounded Japanese soldiers said arriving daily at Shihchiachwang.

Continuously harrassed by the Japanese Navy in Kwangtung waters, the fishing community of the province has suffered a loss of 10,000 lives and $20,000,000 including the destruction of over a thousand fishing boats, according to Chinese reports.

*
**

July 3

The Norwegian Lutheran Mission, the Chinese Primary Girls School and the Girls' Vocational School at Nanyang, southwest Honan, bombed by Japanese planes on June 29, according to reports received at Chungking. A dozen Chinese civilians killed; more than 100 houses demolished.

The Japanese blockade of the British Concession in Tientsin further tightened; a British engineer arrested and detained by the Japanese; milk supply prevented from reaching the concession.

The following demands, supported by the Japanese Army in North China, were presented to the British and French Embassies by the Peiping puppet "Provisional Government:"

1. Co-operation of the British and French Concessions in the currency policy of the "Provisional Government.

2. Permission for the "Provisional Government" to inspect banks and business houses in the concessions.

3. Vigorous control of publications and organizations acting contrary to the feelings of the "Provisional Government."

The Finance Ministry at Chungking announced new drastic restrictions on all non-essential imports to China in order to cope with the country's adverse trade balance. A total of 234 import tariff items will be prohibited from China, including wines, cigarettes, cigars, sea products, silk goods, toilet requisites, toys, medicine, meat, candy, tinned goods, fruits, vegetables, nonessential woolen and cotten goods, timber, paper, bamboo, clay, and stone ware and liquid feuls for which there is a substitute.

*
**

July 4

Grants of foreign exchange for approved imports are to be made at Chungking at the official rate of the Central Bank, announced Finance Minister H. H .Kung. The new regulations regarding applications for import exchange will not affect the operations and policy of the Chinese Stabilization Fund.

Some 40 Japanese sailors landed near Foochow preparatory to an attack, according to message received by American Embassy at Chungking.

Assurance that there was no intention on the part of the Britishh Government of handing over the four Chinese suspects at Tientsin to the Japanese authorities pending negotiations was given by R. A. Butler, Under-Secretary of State for Foreign Affairs, in the House of Commons last night, according to London report.

*
**

July 5

Five new Japanese divisions said sent to China, according to Chungking military spokesman. The fresh troops believed replacements and not reinforcements for any contemplated large-scale offensive in China. The spokesman stated that the two Japanese drives on Chinese forces entrenched in the Chungtiao mountains in south Shansi had been repulsed with heavy losses.

"Traffic restrictions in Tientsin should never be relaxed, irrespective of the progress of the Anglo-Japanese negotiations in Tokyo," declared General Sugiyama, Commander-in-Chief of the Japanese Forces in North China, in a press interview at Tientsin.

Replying to the note sent him on June 21 by the American Consul-General, John Caldwell, the Japanese Consul-General, S. Tashiro assured that the Japanese authorities would do their utmost not to inconvenience Americans in Tientsin.

The Church Committee for China Relief in New York announced that more than U.S.$5,000,000 had been spent on civilian relief by government and private sources in China. The committee said that by the end of 1938 about 15,000,000 Chinese war refugees had been aided through these agencies.

*
**

July 6

Chungking experienced its first moonlight air raid by some 30 Japanese planes. Three huge fires started, but

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FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

there were few casualties. The German Consulate and the Methodist Mission Women's Hospital were among the foreign properties damaged.

Gen. Chiang Kai-shek issued a message addressed to the Japanese people, warning them of China's determination to continue resistance, until they repent their past mistakes and modify their present national policy.

The Japanese premier, Baron Hiranuma, and other members of the Cabinet issued special messages on the eve of the 2nd anniversary of the Sino-Japanese hostilities, urging Japan "to fight to the bitter end."

Dr. H. H. Kung, President of the Executive Yuan and Finance Minister, declared that desipte two full years of strenuous war operations, China's financial structure remains intact. Strong base for continued national resistance said being built in western provinces.

Chinese forces said to have reached Lupao, 20 miles northwest of Canton, where fighting now in progress.

*
**

July 7

Chungking again raided by Japanese planes on the occasion of the second anniversary of the outbreak of the Sino-Japanese hostilities. More than 60 Japanese planes participated in the attack. The bombing said heaviest since the May 4 raid. The British gunboat **Falcon** was damaged; the Canadian Mission Building and the **United Press** offices were also hit. Joseph Shen, American-born Chinese and chief pilot of the China National Aviation Corporation, seriously wounded .

Gen. Chiang Kai-shek, in a message addressed to the foreign Powers, which was broadcast abroad by Madame Chiang Kai-shek, declcared that China will not conclude her resistance against Japan, until she thoroughly abandons har policy of aggression. Gen. Chiang warned that Japan's intention of creating a "new order in East Asia" was an open challenge to the Powers friendly to China and aimed at driving their rights and interests from this country.

War Minister Gen. Ho Ying-chin declared that altogether 917,800 Japanese fighting men had been killed and 8,555 taken prisoner which "represents one of China's greatest achievements" in this war for her national freedom. Furthemore, 716 Japanese fighting planes were shot down and 644 Japanese ships were sunk during the war, he added.

Memorial services in honor of China's war dead and wounded held at Chungking, Chengtu, Kunming and many other cities in Free China.

No incident marked the passing of the second anniversary of the Sino-Japanese war in Shanghai. Extraordinary precautions enforced in both the International Settlement and French Concession.

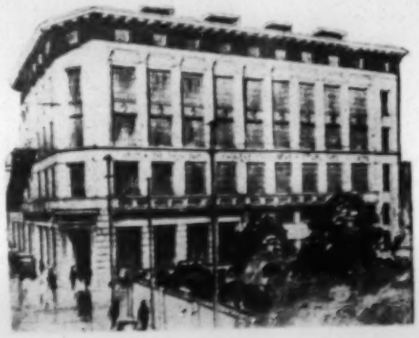
*
**

July 8

In a special radio-broadcast addressed to Chinese in Japanese occupied areas, Gen. Chiang Kai-shek denounced the "peace" movement in those areas as "traitors' peace." The Generalissimo appealed to the Chinese masses in the occupied districts to rise and resist the Japanese "mopping-up operations," exterminate traitors and cause dissension within the ranks of the Japanese Army.

The British Embassy at Chungking announced that the Japanese authorities had appologized to the British authorities for dropping bombs close to the British gunboat **Falcon** during yesterday's Japanese raid over Chungking.

An appeal to the Powers to fulfil their treaty obligations and to enforce economic sanctions against Japan was voiced by Madame Chiang Kai-shek in a special radio broadcast to America.



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Pharmaceutical Association; member of the Supervisory Committee of the Shanghai Pharmaceutical Manufacturers' Guild; member of the Standing Committee of the Shanghai Chinese Manufacturers' Association; now, General-Manager of J.D. Chang & Co.; address: J. D. Chang & Co., 296 Nanking Road, Shanghai.

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Leaders of Outlawed Sect Placed on Trial

FIFTY-SEVEN leaders of the outlawed Omoto ("Foundation of the Universe") sect have been brought to trial at Kyoto, Japan, on charges of having uttered and written words disrespectful to the Imperial Household, *Reuter* reported July 16. The court, it is anticipated, will pass judgment not later than the autumn of 1942. The principal defendant is Onisaburo Deguchi, the self-styled "Grand Master" of the sect, who is charged with *lese-majeste*.

The defendants were rounded up in a great drive carried out by the police in Tokyo and Kyoto prefectures on December 8, 1935, after months of planning. Then followed nearly four years of investigation of the charges by the police and procurators, which included a minute examination of more than ten truckloads of documentary evidence.

The sect has never been recognized by the Government as a legal religious organization. Nevertheless, it claimed more than 400,000 adherents at the time the authorities closed it down in 1935. It owned enormous properties and a large number of temples, all of which were confiscated.

The specific charges against the arrested men have never been revealed by the Japanese authorities, beyond the fact that they have uttered and written words disrespectful to the Imperial Household.

The Society's Aims

The cult was founded in 1902 by a woman named Nao Deguchi, who was born in Kyoto Prefecture in 1836. After 1892, it was said of her that she was "possessed of God." Her principles and teachings, allegedly written while in a trance in the dark, have been collected and expounded by Deguchi.

The word "Omoto" means the "great basis," or "foundation" of the universe. The cult has the following four basic principles:

1. Purification of mind and body.
2. Unity of society.
3. Optimism, with trust in God's plan.
4. Progress, or world improvement.

Just before its dissolution, the organization was said to have been engaged in the encouragement of plots to destroy important statesmen near the Throne and to combat internationalism.

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Men and Events

A. P. Blunt, British Consul-General at Canton, is scheduled to depart for home on leave on August 4.

*

C. J. Spiker, recently appointed American Consul-General at Hankow, departed for his post last week aboard a Japanese transport.

*

There are now 44,851 Japanese in Shanghai, according to a report in the *Shun Pao*, which stated that most of them are engaged in business in Hongkew.

*

Two members of the British Royal Air Force were drowned at Hongkong on July 13 when their plane fell into the sea in Taitam Bay. They were Pilot Lieutenant Bryan-Gower and Sergeant Ogden.

*

The *Tokyo Asahi* stated (July 4) that a round-table conference held by the new Welfare Ministry had decided that "early marriage was the best way to increase the birth rate."

*

The following brief dispatch from its correspondent in Tientsin appeared in the Tokyo *Nichi-Nichi*: "All searching and examination in Tientsin is gentlemanly done, according to a statement by a German woman reporter."

*

Sotomatsu Kato, who has been appointed "Minister-at-Large" and will be stationed in Shanghai, is now in Tientsin assisting the Consul-General there "in solving the Tientsin issue," according to a report in the *Asahi*. Mr. Kato was previously stationed in Hsinking.

*

Mrs. George A. Fitch, whose husband is general secretary of the Y. M. C. A. at Chungking, is spending the summer with members of her family at Davidson, Michigan. Mrs. Fitch has made her headquarters at Pasadena, California for several months.

*

Chang Shan-tse, well known Chinese artist, who is now touring the United States with his paintings to raise funds for Chinese relief, reached New York on July 13. Mr. Chang does not sell his originals but speedily paints duplicates for customers, the proceeds being devoted to relief purposes in China.

*

Ossaku Okamoto, Japanese Consul-General at Singapore, had been appointed to a position in the Tokyo Foreign Office. Prior to his departure he told the *Singapore Times* that his successor "was a very nice man who would not quarrel with the British officials."

*

Brigadier-General Charles Granville Bruce, C. B., M. V. O., who headed two Mount Everest expeditions, died in London on July 12 at the age of 73 years. He was the author of "Twenty Years in the Himalayas," "The Assault on Mount Everest," and "Himalayan Wanderer."

*

The Japanese Consul-General in Manila announced last week that three touring parties of Japanese students would visit the Philippines in the last of the present month and in August. The first group, consisting of 50, will tour the southern islands beginning July 25. The second group, consisting of 45 will arrive at Manila on July 31 for a 10-day goodwill tour under the auspices of the *Osaka Mainichi* and *Tokyo Nichi-Nichi*. The third group, mostly from Formosa, is scheduled to arrive at Manila on August 25.

Randall Gould, Editor of the *Shanghai Evening Post* and correspondent for the *Christian Science Monitor* has gone to Tokyo to cover the Anglo-Japanese conference on the Tientsin crisis. Mr. Gould traveled to Tokyo on the Japanese airline, being the first foreigner at Shanghai to make the trip.

*

Lt. Col. Philip R. Faymonville, formerly U. S. Military Attache in Moscow, has been transferred to Washington. Col. Faymonville was stationed in the Far East at the time of the American intervention in Siberia and is one of the best informed officers in the U. S. Army regarding conditions in the Russian Far East.

*

Reporters connected with the *Asahi* and *Chugai*, two leading Tokyo dailies, were barred from membership in the Kasumi Club for a period of one week, "because of their treatment of a certain news item pertaining to the Tientsin affair, according to a report from Tokyo on July 8. The Kasumi Club is composed of reporters who are assigned to cover the Foreign Office.

*

The first group of American women school teachers to arrive in Tokyo for a free tour of Japan and Manchukuo this year, landed at Yokohama on July 8. The party consisted of 29 teachers. The expenses of the tour are defrayed by the Tourist Bureau and the Culture Bureau of the Foreign Office.

*

How much gold does Japan possess? This question was asked by the *Tokyo Yomiuri* on June 30, following a national census taken by the Government to determine the holdings of the population. The amount listed as a result of the census was not announced, but the *Yomiuri* placed the amount between Yen 200,000,000 and Yen 800,000,000. The Government proclamation ordering the people to list their personal gold possessions stated that gold teeth were excepted.

*

The Japan-German-Italian Friendship Society, composed of residents of Tokyo, has conducted a second trip to the summit of Mount Fuji where all of the members—113 of them—renewed their "anti-comintern" oath. The oath-taking last year was accompanied by ceremonies of a paganistic character. This year the party was accompanied, in addition to Japanese, Germans and Italian devotees of fascism, by a number of Manchukuoans, Hungarians, Spaniards, Mongolians, Filipinos, Burmese, Afghans, British Indians, and Canadians, according to the *Domei* report. Many of the Japanese were students in the various universities.

The last will and testament of Paul Jerome Todd, an American who died in Canton some time ago, was admitted to probate in the U.S. Court for China on Monday, July 17. Attorney M. Wiener appeared for the petitioner.

*

Shanghai foreign newspapers, on July 14, only gave four lines and a small heading to the most significant news item published that day. The item stated that the first flying-boat made in the United States for the British Navy had landed at the British naval airport at Felixstowe that day after a successful trans-Atlantic flight of 2,450 miles from Newfoundland to England in 15 hours.

*

According to a report from Tokyo on July 8 the *Domei* news agency, described as the "semi-official national-policy news service of Japan," is shortly to carry out an extensive reform of its staff. The chiefs of several bureaux, who are now directors, will be replaced by members of the working staff. Heretofore the big posts have been held by outsiders, politicians, who were "thrust upon *Domei*," according to the report. The service will also inaugurate a system of compulsory savings by deducting 5 percent from all salaries. The money will be entrusted to the management for safekeeping, stated the report.

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An inquiry was opened into the death of an American named Joseph Howard Campbell, at Hongkong on July 18. Mr. Campbell was found dead, under curious circumstances, in Kowloon, on July 11.

*

According to the *Sin Wan Pao* (July 17) the 1000-odd women and children who participated in the anti-British demonstration which was fostered by the "Ta Min Hui" or Great People's Society, in the Pootung section on July 15 were paid the sum of 20 cents each for participating in the demonstration.

*

Admiral Harry E. Yarnell, Commander-in-Chief of the U.S. Asiatic Fleet, returned to Shanghai this week aboard the U.S.S. Augusta. Admiral Yarnell will be relieved of his command on July 25 by Rear Admiral Thomas Charles Hart, who arrived in Shanghai on Wednesday of this week.

*

George Emelianoff, who has been connected with the French Concession Police Department for two decades, was promoted this week to the position of Superintendent. Mr. Emelianoff, who was of Russian nationality, became a French citizen and now holds a reserve commission in the French Army. He is the first man of non-French birth to be appointed to the office of Superintendent of Police here. Several hundred persons attended the ceremony of his promotion.

*

An American exporter named Edward Crimmins filed a suit in the San Francisco courts against the well known Japanese firm of Mitsubishi Shoki Kaisha for the sum of US$265,000. The suit was filed on July 16 and alleged that the sum represented commissions on 40 Lockheed airplanes which the Japanese purchased for civilian transport purposes, but which were easily converted into bombers. Crimmins claimed the Lockheed Company had promised him 10 percent of the sales price on all planes sold to the Japan Air Transport Company. Total sales were said to have totalled US$2,850,000. The Japanese aviation authorities announced, following several recent accidents, that all Lockheed planes had been "grounded" and that in future Japan would concentrate on domestically-manufactured planes. The Lockheed Company sent several experts to Japan to investigate the situation.

Dr. J. L. Buck, financial adviser and agricultural expert connected with the Chinese Government at Chungking, has departed for New York, according to a report from Chungking on July 9. It stated that Dr. Buck would join K. P. Chen, Chinese Government representative, who has been in New York for several months. Mr. Buck recently completed a survey of conditions in the southeastern provinces. He traveled to New York by Clipper plane.

*

No arrests were made as a result of 15 separate raids staged in the Shanghai French Concession on the evening of Friday, July 14, the raids having been made on information supplied by the Japanese gendarmerie. The French police authorities refused to issue a statement, but it was reported that the Japanese had supplied the department with information regarding alleged terrorist plots. The Japanese apparently had obtained their information from Chinese and Korean spies in the employ of the Japanese Army.

*

The Japanese newspaper, *Sin Shun Pao*, printed in Hongkew under military auspices, published a correction of a faked news item attributed to *Reuters* which alleged that the British Ambassador, Sir Archibald Clark Kerr had arrived in Chungking "under instructions of the British Government to warn the Kuomintang Government to start peace talks with Japan." The message was published in the Japanese paper on April 22 and was headed, "Telegram from Chungking by *Reuters* April 19." The British Consular authorities as well as the management of *Reuters* strongly protested against the publication of the news report, but the protests were ignored until Monday of this week when a correction was published.

Mrs. Clara Adams, who is trying to make the speediest trip around the world, using commercial air-lines, reached Honolulu on the Pan-American airliner California Clipper on July 14 and was scheduled to depart the next day. She expected to reach New York in 17 days after her departure from that city, thus bettering by one day the record of H. R. Ekins, correspondent for *United Press*, who made a similar trip three years ago.

*

Julean Arnold, U. S. Commercial Attache, who has been home on extended leave, arrived in Chunuking on July 17, following a trip over the Burma highway. After a few days in Chungking, Mr. Arnold plans to come to Shanghai, traveling by way of Hongkong. Mr. Arnold stated that there had been several landslides and washouts on the road and transportation had been slowed down, this being the rainy season. Mr. Arnold was delayed two days on the trip due to a breakdown of his automobile.

*

Floyd Tangier-Smith, well known as a hunter of big game in China's far west and along the Tibetan frontier, died at Long Island, New York, according to reports received in Shanghai on Wednesday, July 12. Mr. Smith was born in Japan, received his education in the United States and for a time was connected with the National City Bank. He gave up banking several years ago and since has devoted himself to collecting rare animals and materials for American museums and zoos, his chief connection being the Field Museum of Chicago. He became ill in 1937 while on an expedition to obtain five giant pandas in Szechwan and never completely recovered his health. He is survived by his wife and two sisters, all residents of the United States.

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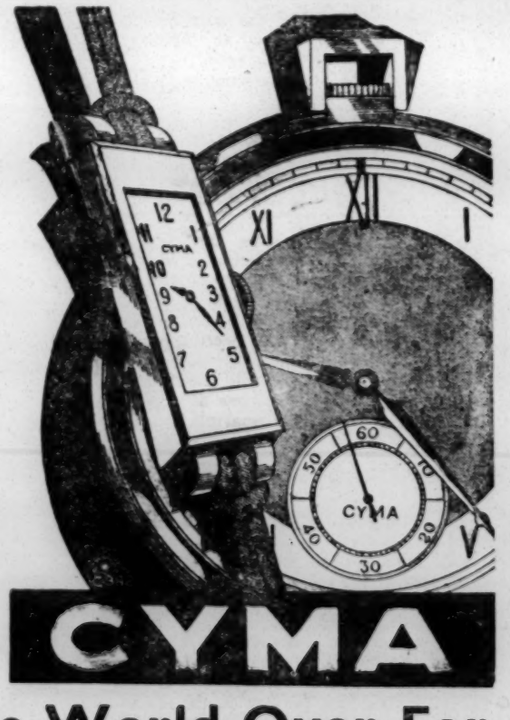

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SHANGHAI

Theodore Lyon, known as the drug-traffic king of France, was sentenced to two years in jail at Paris on July 13. Senor Carlo Bacula, an accomplice, received a sentence of 18 months and six others received sentences of shorter periods. Lyon, when arrested several weeks ago, was found in possession of a 200 pound parcel of morphine and heroin. Lyon had amassed a fortune in the drug traffic and was the owner of a country chateau.

*

The U. S. Federal Maritime Commission announced on July 13 that plans are now being drafted for a ship-building program in 1940 which will cost U.S.$270,000,000. The plans probably will include three large Trans-Pacific passenger liners, costing U.S.$18,000,000 each. The report stated they would be the largest and fastest ever built in American ship-yards. The Commission is now constructing 66 vessels and has opened bids on a series of light cargo ships which will increase the number of such vessels under way to 80.

*

Major George Fielding Eliot, former U.S. Intelligence Officer, now a well known writer and lecturer on military subjects, stated in the course of an address in New York on July 13 that the next world war would "burn up" more than 60 percent of the fighting planes of the belligerents within a month. He based his opinion on the results of the war in Spain and on the Japanese reports of developments on the Mongolian frontier. In Major Eliot's opinion all mechanized equipment and their operators would be lost in tremendous numbers in the early phases of the war. The end of the war would come only "when the infantry lost the conflict," he said.

*

The Soviet archaeooglist M. P. Gryaznov announced on July 14 the discovery of an ancient grave in East Altai which contained the body of a man and 10 horses. The grave was 52 meters square and 4 meters deep and contained a large cabin built of logs and thick planks cut with a bronze axe. The grave was completely frozen and the bodies of the horses were intact, enabling the recovery of richly adorned saddles and bridles which were decorated with wooden and leather plates covered with gold and tin foil. The decorations consisted of bas-relief designs, chiefly of animals and fantastic monsters. The heads of some of the horses were covered with masks made of felt and leather and covered with sheets of gold. The masks were made in such manner as to cause the horses to resemble reindeer. According to Prof. Gryaznov, this indicated that the tribesmen had previously used reindeer as riding animals. The section of the grave containing the body of the man had been robbed, hence little could be found in that section of historical value. The man was a Scythian and probably had been buried in the fourth or third century B. C.

Nippon Fishermen Told to Leave Malay Waters

Some 1,500 Japanese fishermen following their calling off the coast of British Malaya have been asked by the British authorities to leave Malayan waters, according to a Tokyo report from Singapore. Owing to the refusal of the British authorities to renew Japanese fishing licenses, 500 Japanese have already been forced to look for shore work while another 1,000 will lose their jobs within this year. Thirty Japanese fishing vessels have to leave Malayan waters by the beginning of 1940.

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New Books of Interest in the Far East

New Gunther Book

INSIDE ASIA—By John Gunther, Harper and Brothers, N.Y., 1939. 599 pp. Price US$3.50.

John Gunther's *Inside Europe* became a classic for two reasons: it was marked by an amazing wealth of detail, denoting a comprehensive knowledge of the subject, and it was based on the belief that politics of contemporary Europe can best be understood in terms of men who mold them. In effect, Mr. Gunther analyzed developments in Europe by psychoanalyzing leaders.

Inside Asia is an attempt to apply a similar concept and methods to Asia. This accounts for both the virtues and the shortcomings of the book. Mr. Gunther spent about a year in Asia, from Palestine and Iraq to China and Japan. He interviewed leading political figures and accumulated a vast amount of information. While all this background of fact and impression would seem sufficient for an orthodox book, it is inadequate to attain Mr. Gunther's end, and that is to view Asia through its leaders. His task was made even more difficult by the vastness of the field embraced by the book.

The result is this: *Inside Asia* is a thoroughly readable book, which will admirably serve the purpose of acquainting the average reader with the major problems and personalities of Asia and of supplying a few hours of enjoyable reading. A few of the chapters, notably those dealing with Asia Minor, will gain the approval of experts by their thoroughness and strict neutrality. The portion of the book dealing with China and Japan (roughly a half of the work), however, will not present any material not already available in book form.

One must thus note that the story of the Soongs had already been told; that the Tokyo rebellion of Feb. 26, 1936 was capably described by Mr. H. Tiltman, who witnessed it; that the personalities of Japan have been psychoanalyzed by Upton Close in his very admirable *Challenge;* that Chinese national characteristics have been fully dealt with by Lin Yutang, and so on. Mr. Gunther has added nothing new to these reports; he has only assembled them within the covers of a single book, and garnished them (unfortunately) with such things as his "miscellany."

But in reassembling all this data, Mr. Gunther has done a piece of lucid writing and first-rate reporting. From China's point of view, the importance of the book will rest upon the fact that, without concealing China's shortcomings, it presents a striking picture of Japanese aggression.

"Japan wants to expand," he says, "because it considers itself a world power invested with an imperial mission to dominate East Asia. This mission has racial and religious overtones . . . but the main motive is political. Japan wants to expand in order to be stronger vis-a-vis the Soviet Union, in order to squeeze Great Britain out of China, in order to extend its nationalist influence southward into Asia and the Pacific . . . . It wants political hegemony over what it calls its hinterland . . . "

The Chinese, on the other hand, he found addicted to peace. "Above all," he says, "Chinese rationality led to pacifism, a virtue carried so far that it became a vice. When a man fights, the Chinese adage says, it means simply that the fool has lost his argument. This tendency to pacifism became a serious political problem in modern times; to achieve unity and militancy against Japan meant a tremendous evolution. The Chinese had to fight not merely a foreign war against a ruthless invader, but civil strife against their own good nature and civilized instincts. They are holding their own in both. Not for centuries has China been so strong, so united, so compact in defiance of an aggression . . . "

Mr. Gunther does not attempt to hide his admiration for Gen. and Madame Chiang Kai-shek. To the Generalissimo he devotes a long chapter, which, although containing no new material, is striking in its presentation of facts and their treatment. Chiang, he says, "is the symbol, the personification, the cement, of Chinese unity and resistance against Japan . . . Chiang is no supreme boulder across the path of history; he is no Lincoln, no Alexander. But probably he is the strongest Chinese individual since the third century B. C. when the Great Wall was built. And it is another Great Wall he is doing what he can to build—a wall to keep the Japanese out, to permit China an authentic national development, to allow China to belong to the Chinese . . . "

His portrait of Mme Chiang, and especially of her role in the Sian incident (which he bases on her own book), is flattering. Equally so is his study of W. H. Donald, although he undoubtedly ascribes to him a role much greater than this Australian really plays. So are the portraits of the Communist leaders. Less flattering are Mr. Gunther's sketches of some other Chinese personages, notably the members of the Kung family.

Mr. Gunther's chapters on the Chinese Communists are obviously based on studies made by Edgar Snow and Nym Wales.

THE CHINA QUARTERLY

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(WAR-TIME FOREIGN RELATIONS, TRADE AND INVESTMENT)

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His conclusions, therefore, are colored by the findings of these two Americans, who had come to know China's Reds better than probably any other foreigners with the exception of Agnes Smedley (to whom Gunther also pays tribute). He is full of admiration for the communists' capacity for organization, their tenacity, and the immense work they are doing in unifying the country and resisting the alien foe.

That the book will not be liked in Japan is clear from such excerpts as this: "I have mentioned that I have seen Japanese soldiers, in uniform, beat old women in the streets; I have mentioned the slaughter in Nanking, when civilians were executed—some burned alive, some tied in bundles and used for bayonet practice—by the thousand. Such things happen in warfare. There has never been a war without an atrocity. War itself is the atrocity. But the Japanese make war even more horrible than it usually is. Almost everywhere they have gone, they have burned, looted, raped and murdered.

"In Shanghai is one of the most extraordinarily gruesome sights in the world. I have never seen anything to approach it. Parts of Chapei and Hongkew, where fighting was hottest, are in ruins paralleling those of the Western Front in France. The Japanese looted this area, which comprises several square miles, not merely of furniture, valuables, and household possessions, but of every nail, every window wire, every screw, bolt, nut or key, every infinitesimal piece of metal they could lay hands on. Houses were ripped to pieces, then the whole region set on fire. No one lives in this charred ruin now. No one could..."

Those who expect to find predictions in *Inside Asia* on the future of the current war will look in vain. Mr. Gunther scrupulously sticks to facts and avoids political fortune-telling. Almost the only time he advances an opinion is when he declares that "it would be grossly inaccurate to assume that Japan is in any imminent danger of collapse. One may ask how long the Japanese ruling class can depress the standard of living of their people without causing surreptitious resentment to become overt revolution, but the question stated so baldly is almost meaningless; one must take into account the peculiar qualities of the Japanese people, their sense of national solidarity and discipline, their patriotism. The average Japanese may not like war. But he feels that he has got to finish the job, now that it is under way; the mouthful he has bitten off is tremendous, but he must swallow it, else it will poison him."

It should not be considered unkind of the reviewer to call the author's attention to a few errors that should not find their way into the next edition. Seven sen officially is not eight-tenths of an American cent (p. 40); there is no Eli family of millionaires in Shanghai (169); China left the silver standard in 1935, not 1934 (p. 171); the southern revolt took place in 1936, not in 1935; the appointment of Yu Han-mou was not a part of a Chiang-Chen deal, for Yu Han-mou had betrayed Chen (p. 186). The chapters dealing with Japan would also have to be revised, for the statistics correct six months ago are no longer valid.

The book is recommended reading. It does not come up to the standard of *Inside Europe*, but it manages to compress within its 600 pages a wealth of valuable, interesting and often entertaining material, presented with the skill and lucidity of a good reporter.

M. G.

Five Killed in Blast on Steamer at Colombo

The police authorities in Colombo, Ceylon, are investigating a mysterious explosion which occurred aboard the P. & O. liner Narkunda on July 16. The blast, which took place just after the liner had tied up, took a toll of five killed and 26 injured, all members of the crew.

The explosion is believed to have occurred in a hold in the afterpart of the liner, where mails for Ceylon are apparently kept. The police are sceptical of the theory of a bomb having exploded. The explosion was so severe that one of the bodies, which was blown several yards, was found unrecognizable. The majority of the injured suffered from burns.

Mr. Jawaharlal Nehru, Indian Nationalist leader, who arrived at Colombo during the day by airplane to negotiate with Ceylon political leaders in regard to the repatriation of Indians, had originally intended to sail from Bombay in the Narkunda.

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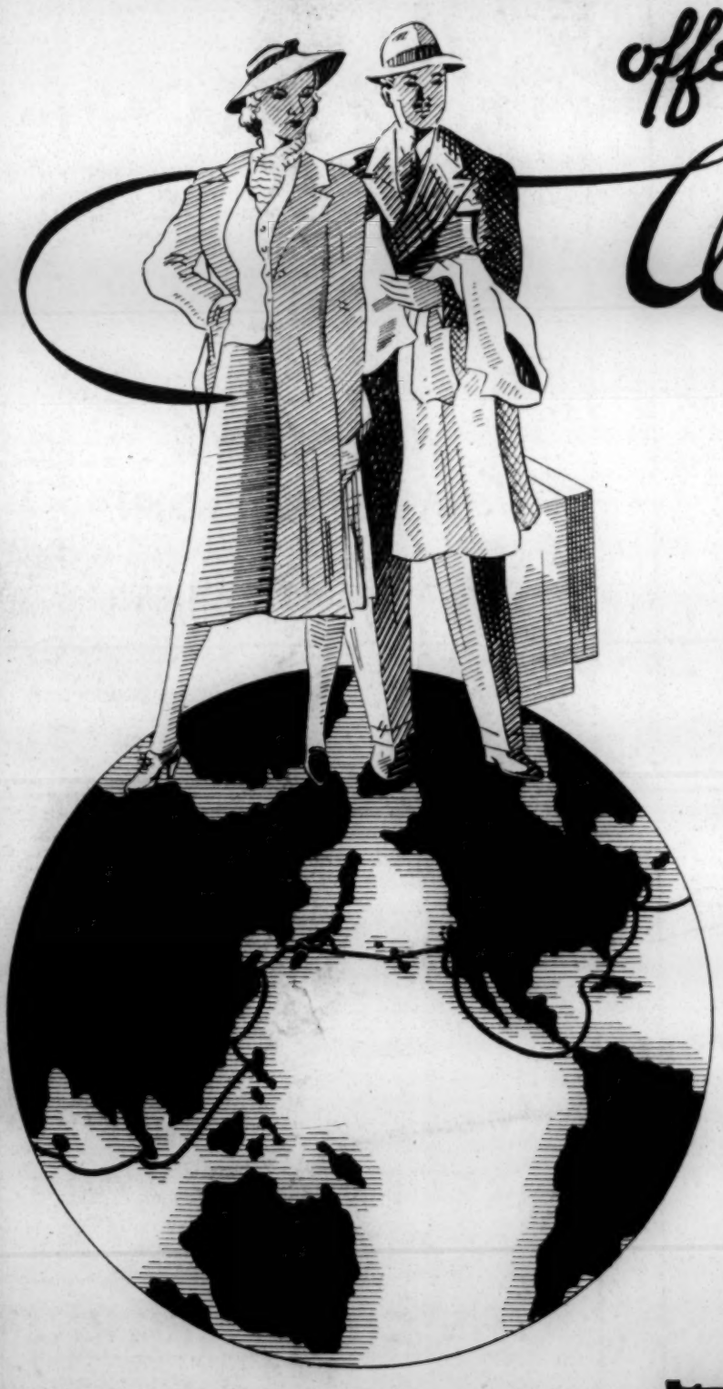

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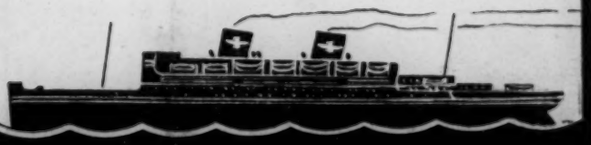

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